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The American Economic Review

VOLUME VI, NO. 2

JUNE, 1916

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Tax Exemption through Tax Capitalization	T. S. ADAMS	271
Valuation of Railroad Right-of-Way	A. M. SAKOLSKI	288
Trade Organization in China	ALBERT C. MUHSE	309
Wage Theories in Industrial Arbitration	WILSON COMPTON	324
Reviews and Titles of New Books		343
(For complete list of books, see second page of cover)		
Documents, Reports, and Legislation		444
A Notable Farm Management Survey	E. A. GOLDENWEISER	444
Pipe-Line Transportation of Petroleum	ELIOT JONES	447
Report on the Boston Sliding Scale	RALPH E. HEILMAN	449
Collective Bargaining in the Anthracite Coal Industry	N. R. WHITNEY	452
The Equation of Exchange for 1915	IRVING FISHER	457
Cost of Living Reports	FRANK H. STREIGHTOFF	458
Periodicals		467
Thirteenth List of Doctoral Dissertations		498
Notes		511

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General Works, Theory and Its History

Book Reviews	
FETTER, <i>Economic Principles</i> , by C. W. Doten.....	343
CARVER, <i>Essays in Social Justice</i> ; Hollander, <i>The Abolition of Poverty</i> , by A. S. Johnson.....	347
HECKER, <i>Russian Sociology</i> , by C. A. Ellwood.....	350
BRISTOL, <i>Social Adaptation</i> , by C. D.....	351
Titles of New Books	351
Periodical Abstracts: Theory , by W. M. Adriance and A. N. Young.....	467

Economic History and Geography

Book Reviews	
BEARD, <i>Economic Origins of Jeffersonian Democracy</i> , by C. H. Levermore.....	352
VEBLEN, <i>Imperial Germany and Industrial Revolution</i> , by S. B. Fay..	353
HOWE, <i>Socialized Germany</i> , by O. D. Skelton.....	356
DRACHMANN, <i>Industrial Development and Commercial Policies of the Three Scandinavian Countries</i> , by N. I. Stone.....	359
Titles of New Books	359
Periodical Abstracts: History , by E. L. Bogart and C. Day.....	408

Agriculture, Mining, Forestry, and Fisheries

Titles of New Books	361
Documents, Reports, and Legislation	444
<i>A Notable Farm Management Survey</i> , by E. A. Goldenweiser.....	444

Manufacturing Industries

Titles of New Books	363
----------------------------------	-----

Transportation and Communication

Book Reviews	
KIRKALDY and EVANS, <i>The History and Economics of Transport</i> ; PRATT, <i>Rise of Rail-Power in War and Conquest</i> , by J. Bardin....	363
Titles of New Books	366
Documents, Reports, and Legislation	447
Periodical Abstracts: Railways , by J. H. Parmelee.....	476

Trade, Commerce, and Commercial Crises

Book Reviews	
SMITH, <i>Commerce and Industry</i> , by T. W. Page.....	367
JEVONS, <i>The British Coal Trade</i> , by E. Jones.....	368
Titles of New Books	369
Documents, Reports, and Legislation	444
Periodical Abstracts: Commerce , by M. T. Copeland.....	473

Accounting, Investments, and the Exchanges

Book Reviews	
CLAY, <i>Sound Investing</i> ; Guenther, <i>Investments and Speculation</i> , by A. W. Atwood.....	371
HOKIE, <i>Scientific Management and Labor</i> , by C. W. Mixer.....	373
SMITH, <i>Elements of Industrial Management</i> , by C. B. Thompson.....	377
HESS, <i>Productive Advertising</i> , by J. R. Turner.....	379
GANTT, <i>Industrial Leadership</i> , by C. B. Thompson.....	380
NYSTROM, <i>Economics of Retailing</i> , by P. T. Cherington.....	382
BOLTON, <i>Power for Profit</i> , by M. J. Shugrue.....	385
<i>Credit Man's Diary, 1916</i> , by H. R. T.....	388
<i>Labor Library of Factory Management</i> , by F. G. Coburn.....	390
<i>Michigan C. P. A. Manual 1915</i> , by M. J. S.....	390
Titles of New Books	385
Periodical Abstracts: Accounting , by M. J. Shugrue.....	480
<i>Investments</i> , by A. S. Dewing.....	484

(Continued on page 3 of cover)

The American Economic Review

VOL. VI

JUNE, 1916

No. 2

TAX EXEMPTION THROUGH TAX CAPITALIZATION A FISCAL FALLACY

Attractive catch words, even though misleading, generate powerful social forces, particularly when they are used and not explicitly repudiated by recognized authorities in the field to which they apply. In the field of taxation no idea, with the single exception of the unearned increment concept, is more powerful than the notion that owing to the capitalization of taxes, certain wealthy classes regularly escape taxation. "Tax-free bonds," "tax-exempt land values," and "burdenless taxes"¹ are fetching slogans. Do they stand for genuine truths? Are the theories upon which they rest and the practical conclusions drawn from these theories sound and helpful?

In the writer's belief they are not: on the contrary purchasers of securities and land, who are reputed in their purchasing to capitalize existing taxes and thereafter go tax-free, do not in a genuine or practical sense accomplish any such impossible result. When the property which they buy is taxed, such purchasers pay taxes not only in appearance but in reality. When the property which they buy is not taxed directly, such purchasers bear indirectly the average burden of taxation. In the latter case they are silent or indirect, but nevertheless genuine and real, taxpayers.

I

While the process of capitalizing taxes and the theory of incidence based upon it are applicable to virtually every form of durable property, they are generally applied in practical discussion to taxes upon securities and land. It will be sufficient for the purposes of this paper to confine discussion to such taxes.

In the case of securities, Professor Seligman has perhaps made more constant and important use of the subtleties of this theory than any other American writer. He explains:

¹ T. N. Carver, *Essays in Social Justice*, p. 410.

For example, let us suppose that a corporation previously untaxed has been paying five per cent dividends on its stock quoted at par. If a special tax of ten per cent be imposed on these dividends, the stockholders will get only four and a half per cent. But since by the supposition other classes of corporations, or at all events other non-corporate investments, are not taxed, the price of the stock will fall to ninety. People who can get five per cent on their capital will not ordinarily consent to take four and a half per cent. The original holders of the stock will indeed lose, but the new purchasers will not be affected, because the tax is capitalized and leads to a depreciation of the capital value of the stock. A dividend of four and a half dollars on stock costing ninety is as good as one of five dollars on stock costing a hundred. A tax levied only on corporate profits, or only on some special classes of corporations, does not affect anyone except those who become stockholders before the imposition of the tax. To tax the new purchaser on his security would not in such a case involve unjust double taxation.²

At another place Professor Seligman restates the same point in these words:

If a corporation is taxed on its income, and if no similar tax is levied on other corporations or on other securities, the stock will fall in value and the new purchaser who buys at the reduced price really buys free of tax. Although he pays the tax, the amount of the tax is thus discounted in the depreciation of the security. With the lapse of time and the fluctuations in the market the original holders all disappear. Hence at any given time an exclusive income tax levied only on the corporation and not on the shareholder does not affect anyone except the original holders who bought before the imposition of the tax. It is only a question of time until this class of original holders disappears entirely.³

These citations are quoted primarily to illustrate the capitalization process and the concept of "exemption through capitalization." The practical application of this doubtful doctrinal tool is another matter. Professor Seligman's practical conclusions are so subtle and varied that the reader should make his own interpretation of their meaning from the original text.⁴ The net effect of his teaching, however, and the conclusion that would be drawn by the average reader, I believe, is that where the corporation tax is "exclusive" it would be legitimate to levy another tax on new purchasers of the stock as distinguished from original owners,

² Seligman, *Essays in Taxation*, eighth edition, p. 108.

³ In *op. cit.*, p. 308.

⁴ *Op. cit.*, pp. 108-110, 308-311; and *The Shifting and Incidence of Taxation*, third edition, pp. 178, 182, 221-226, 269-270 *et passim*.

and that the principal reason for this conclusion is the contention that new or subsequent purchasers buy free from taxes.

Whether this conclusion be sound or unsound, as I view it, depends upon the character of the new tax and the circumstances which call it forth. Generally speaking the new tax will be legitimate or not according as it is general or not. If everybody has to assume a new and heavier burden it may be legitimate to place this burden upon stockholders, particularly new purchasers, who are paying through the corporation the exclusive tax. But the justification of the new tax is its generality, or the circumstances which made it necessary, not the alleged fact that the old tax was evaded or shifted through the capitalization process. The argument from "burdenless taxes" and "tax-free securities" justifies not only new general taxes but new special taxes on "subsequent purchasers."

Professor Seligman lays great stress also on the inclusiveness or exclusiveness of the old tax. But it is the exclusiveness or inclusiveness of the new tax rather than the old tax which counts. The more exclusive the old tax, the weaker is the argument for a new tax. That one class of corporations has been singled out for exclusive taxation constitutes a nominal or formal reason (see VI below) for not taxing their stockholders further, and in taxation the appearance of things is a minor but not wholly negligible consideration. But if we leave the formal aspect of things and pass to fundamentals, then a new general tax may justly be levied—if needed—whether old taxes are inclusive or exclusive or midway between. "Exemption through capitalization" has, so far as I can discover, little to do with the problem except to make mischief and supply an excuse for new taxes of a confiscatory kind. Stated in other words, the returns on various forms of investment are equalized through competition; existing tax burdens and immunities are accorded full weight in this equalization of profit or return; at any given time purchasers of taxed property stand on the same footing as purchasers of exempted property; if new taxes must be imposed, exemption in form and appearance give some ground for selecting the property which is in appearance exempt; but "exemption through capitalization" furnishes no ground for anything at all except erroneous conclusions. There is no "exemption through capitalization"—what there is, is equalization of burden through competition.

II

A similar theory, in even more drastic and radical form, is frequently applied to land taxes. Each set of purchasers buy or secure their land after capitalizing the existing burden of taxation. They will take the land only when they can purchase it at the capitalized rental minus the capitalized burden including taxes. Unless tax rates are increased, therefore, land purchasers are thereafter tax-exempt.⁵ If we would place landowners on the same level with other taxpayers the rate of taxation upon land must be periodically increased. If land changes hands once every thirty years on an average, then equity demands that tax rates and land shall be substantially doubled once in thirty years. By a steady increase in the rate of taxation, according as one is radically or conservatively inclined, the rate of taxation is multiplied until all economic rent—or only so much as is needed to defray public expenses—is taken.

While it may be superfluous to illustrate further the importance and application of these theories to land taxation I can not refrain from calling attention to the use made of this theory in the recent report of the (Mayor's) Committee on Taxation of the City of New York. This report will mark an epoch in the single tax movement. It is at once a tribute to Mayor Mitchel who selected the personnel of the committee, to Professor Seligman who planned its investigations and guided its deliberations, to experts like Dr. Haig and administrators like Mr. Tanzer who actually carried out the work. Almost every phase of the problem raised by the proposal to untax buildings is canvassed and covered. Now the significant thing for present purposes is that the minority, consisting of Frederick C. Howe, Lawson Purdy, Delos F. Wilcox, Frederic C. Leubuscher, and Frederic B. Shipley, in a dissenting opinion marked by singular ability, dignity, and good taste, not only use the capitalization argument but pointedly call attention to the fact that this argument is not answered by the majority. "No direct answer," say the minority on page 44 of the report, "is made to the contention that the only way to tax present land owners at all is by an increase in the tax rate on land." And they state the argument itself (p. 40) in the following words:

⁵ Cf. C. B. Fillebrown, *State and Local Taxation* (now *Proceedings of the National Tax Association*) vol. I, pp. 286-293; also *The A B C of Taxation* and other works.

Moreover it is pointed out that every purchaser of land buys himself free from all future taxes at the established rate. The taxes are discounted in the price he has to pay for the land. He is merely the collecting agency for the city and even the cost of collection is discounted. If the tax increases by reason of an increased assessment based on an increased value, still the owner is only giving up a percentage of what comes to him *gratis*, and in reality he escapes the burden of taxation altogether unless the *rate* of taxation is increased. It is urged, therefore, that the transfer of the tax on buildings to land values would not be unjust even if it should result in some decrease in the capital value of land as reflected in the selling price, as this is the only way in which any real share at all of the burdens of government can be placed on the present owners of land, as such.

III

The problem under consideration is not a mere question of form and appearance. So far as "subsequent purchasers" are concerned, the theory holds whether the property is paying the ordinary and usual rate of taxation or not. If the purchaser can buy himself "tax-free," it makes no difference according to this theory whether the original tax from which he frees himself is higher, lower, or exactly equal to the general or average rate of taxation on the property or income involved.

Furthermore, the problem is rather one in equity than in economics. Purchasers having bought themselves free from tax, justice requires that the tax rate shall be increased. Accepting it first of all as a problem in equity, I am forced to say that I know of no proposal in the whole field of modern taxation which is so perversely immoral as this. At the conclusion of this article I have expressed my very real admiration of the aims and service of the men who have particularly identified themselves with this doctrine. But the high character of its sponsors unfortunately does not neutralize the peculiar perversity of the doctrine itself.

The essence of the doctrine is that the purchaser is getting off tax free. In appearance he may be paying the ordinary rate of taxation or more. In fact, it is claimed, he is escaping the common burden. In other words, he unjustly enjoys some special privilege or immunity. That is the rationale of the whole doctrine and yet paradoxically the theory is built up on the assumption that the purchaser in question earns on the property after the process of capitalization only what other investors and business men are making in the same community. In other words, he enjoys no immunity; he gets no special privilege.

The doctrine is immoral, in the second place, because it leads to confiscation by taxation. Let us assume that bonds, for instance, change hands on the average about once every ten years. If this is the case and if it be the legitimate aim of the legislator to prevent any class from escaping the ordinary burden of taxation, then the inevitable conclusion (ignoring certain mathematical difficulties which do not affect the general principle) is that the government should double the existing rate of taxation on new purchases of bonds once every ten years until their entire value is absorbed. Now it should be clearly understood that Professor Seligman and some other writers who talk of "burdenless taxes," "tax-free bonds," and the like, apparently reject all such conclusions. But they do so despite and not because of "exemption through capitalization"; and it is this idea with its logical implications that I am attacking. If most men and most forms of property are paying taxes, while a fortunate group of "subsequent purchasers" is getting off "scot-free," then the average taxpayer feels ethically justified in going after the tax dodgers with an ax. The sophisticated expert may reach correct conclusions despite false premises, but the simple-minded voter wants to clap on a fair average tax every time a purchaser frees himself from the ordinary tax burden. The single taxers have had the courage of their convictions, and have pursued the "tax-free" premise to its ultimate lair, complete confiscation of land values. Those who apply this idea to the taxation of securities, however, have not usually been so inexorable in their logical processes.

But its particular perversity comes out most clearly when we consider that the increase of taxation, *i.e.*, the progressive increase in the rate, can only be carried through by deception. The purchaser must be surprised or he can not be taxed. He must be led to believe that no further increase in the rate of taxation is contemplated, because if he is not so deceived he will inevitably discount the future increases and dump the accumulated burden on others. Advise him in advance that the rate of taxation is to be periodically increased and he will appraise the property or income as a terminable annuity. To work the scheme on him you must deceive him. You must lead him to believe that the tax rate is going to be one thing and then later you must make it some other thing. Here is the essential immorality of the whole proposal. It involves deception, surprise, political ambush.

IV

I have, of course, no belief that the men who talk of exemption through capitalization would for a moment approve any such program of deception. They would desire that the whole program, with its remorseless increase in tax rates, should be known and understood in advance. But as soon as the program is announced in advance, the whole scheme melts like the myth that it is.

Assume in the case of bonds that a fixed program of increase in the tax rate had been adopted. Assume that the debtor, the corporation that issued the bonds, the first and all subsequent purchasers, knew that the tax rate would be increased ten per cent every ten years. What would inevitably happen? Not only all the purchasers but the debtor corporation itself would have protected itself from the very beginning. Fewer men would have gone into corporate enterprises which require the flotation of bonds. In short, by an obvious process of repercussion the burden of this confiscatory tax program would through anticipation have been placed upon the customers of the industry involved. Capital would stay out of that field until prices rose so high as to justify or repay the assumption of the unusual tax burdens involved. It would be pedantic to dwell upon this obvious process. Roughly stated its results is that, so far as tax programs are adopted in the clear, honest light of open day, any unusual burden is borne by the consumer. Per contra, the consumer is the beneficiary of any openly granted tax immunity. Burdens and bounties, both, are diffused to the great body of consumers. The purchasers of durable property are neither saints nor sinners. They bear no special burdens, they reap no special benefits. They pay sometimes formally and openly, sometimes indirectly and silently, the same taxes that other people pay. Silent taxpaying is a very real and genuine phenomenon.

The process of diffusion invalidates, it would seem, practically all of the radical conclusions of those writers who would indefinitely increase the rate of taxation upon land and securities. In particular it deprives all such arguments of their basis in equity and removes the element which has given them their greatest strength, namely, the assumption or implication that certain particularly favored classes of the community are escaping taxation. All these apparent privileges are wiped out and leveled by the forces of competition. Some men buy land and rent it; some buy land and use it for manufacturing or trading purposes; some men

invest in business, some in bonds and stocks; but at any given time (assuming a certain set of preferences for different kinds of investment) the rate of return establishes and maintains itself at a given level. In any particular line of investment full cognizance is taken both of special privileges and of special burdens. No man or set of men, where competition is free, is permitted to enjoy for a long time any special immunity. No class of investors can for any length of time go "untaxed." If taxes are not paid directly they are paid silently and indirectly through the competition of capital for the extra profit represented by the absent tax.

This brings us to what I conceive to be the cardinal error of the capitalization theory of incidence as usually stated. It assumes a current rate of return or capitalization and uses it without recognition of the fact that it is vitally affected by every existing tax. Stated in terms of pure theory,³ the rate of capitalization is a resultant of all known opportunities of investment and all known taxes. It registers automatically the average tax burden. When a man buys durable property he capitalizes its net yield or income at a rate which is lower when the general tax burden is high, and higher when the general tax burden is low. He pays the existing average rate of taxation through the rate of capitalization which he is forced to adopt in his calculations. The "subsequent purchaser" consequently does not buy free from tax; he buys free from any excess of taxes over the average rate. *In other words, he pays the average rate.* Professor Seligman's treatment of the capitalization process is, if I understand it, unnecessarily complicated by his introduction of the impossibly difficult concepts of exclusive and inclusive taxation. His general method is to check or qualify the effects of capitalization by reference to the exclusiveness of both the old and new taxes, both the tax on the property involved and all other taxes. If the preceding analysis be correct, this is unnecessary. The necessary element of the problem which he attempts to incorporate in this way is already represented in the rate of capitalization.

³The statement in the text is of course too sweeping. As a practical theory of incidence it would have to be modified by recognition of those conditions which give rise to rents, monopoly profits, and other differential gains. The statement is presented as a mere corrective of current capitalization theories of incidence and like those theories assumes the modifications required by facts not here under consideration.

V

Just as known tax burdens are dissipated, so known bounties or privileges are diffused. This applies, I think, to the "unearned increment on land," even though we recognize an unusual fixity in the supply of land. Assuming for discussion the reality of the "unearned increment," it seems plain that much if not all of it will be diffused. This diffusion takes place in the following ways, among others:

1. Much of it will be paid directly to the state in higher taxes than could be paid if the unearned increment were not expected. Much unused and presently useless land will be taxed. This is property which speculators are willing to buy and upon which they are willing to pay taxes, only because they expect to reap and benefit by the unearned increment. In addition, the anticipation of the unearned increment keeps land values constantly in advance of a fair capitalization of the present income. This is a recognized fact which the tax assessor has constantly called to his attention, and which goes far to explain the poor assessment of property under the general property tax. In progressive communities land values are nearly always higher than the present rent (implicit or explicit) capitalized at the present rate of interest on investments from which no unearned increment may be expected. For years before the higher income is realized, therefore, the state taxes it when the tax is based on capital value.

2. Similar results follow where landowners use their lands themselves. On the frontier, settlers clear the wilderness and endure great hardships wholly incommensurate with the immediate income or product, because they expect to be compensated by the unearned increment. From the first settlement and apparently continually thereafter, in the average case, the farmer works for less than day wages if we measure his reward in current income alone. He is compensated when he sells out, in the average case; and his successor starts on the same round of buying the unearned increment by accepting lower wages and paying higher taxes than would otherwise be the case, during the interval between acquisition and sale. In other words, farmers and farms are more numerous, farm products more plentiful, and farm prices lower, because of the unearned increment. The latter is diffused in part to the state in the form of higher taxes and in part to the purchasers of farm products. It is diffused to every one who eats.

3. Similarly our railroads have counted upon the unearned in-

crement to justify extensions that would not otherwise have been made; and if the land used in operation is yielding a high economic rent, that rent enters into the earnings upon which traffic rates are based. Thus in two ways the unearned increment operates to reduce railway rates; although where rates are based upon a "fair valuation" and the increment of land values is included in such valuation, the magnitude of this kind of diffusion will be reduced.

4. The manufacturer in the same way is forced to give back to the community the unearned increment which he is supposed to receive. Here the diffusion usually shows itself in the depreciation account. In many instances buildings are not depreciated at all, the owners counting upon the increment in the land value to balance the depreciation of the building. In other cases depreciation is charged at a lower rate than would be justified if no increment were expected. This is not fanciful, it corresponds to actual practice, forced upon manufacturing concerns by the pressure of competition. Here the consumer of the product gets the benefit through a reduction in the cost of production represented by uncharged depreciation.

5. Finally, tenants receive the transmuted unearned increment by a similar practice on the part of owners of residence property. They also in an effort to anticipate the unearned increment have failed to charge off depreciation on buildings. On city property in particular, owners regularly take a smaller present or current return than could be obtained on gilt-edge securities requiring little labor of management, trusting to the unearned increment to repay them when the property is sold.

Whether all the unearned increment is thus diffused, I do not know, and nobody knows. It is not impossible that, led on by the speculative lure of the unearned increment, actually more has been diffused or deferred to secure future increment than has ever been secured. Obviously it is beside the point to cite the great fortunes made through real estate ownership and speculation. The whole argument above assumes that the unearned increment is real. And the losses incurred in real estate speculation are quite commensurate with the gains. Moreover, it is to be noted that much of the apparent recent increase in real estate values is purely nominal.⁷

⁷ As Professor J. L. Coulter has pointed out (*Quart. Journ. Econ.*, vol. 27, p. 13), the price of farm land in the United States increased more during the first decade of the twentieth century than it did during the entire period between the landing of Columbus and the close of the nineteenth century.

It represents in large part simple depreciation in the value of money.

Now it may be asserted that if the future increment were and always had been accurately known in advance, it would—in the case of land with an assumed fixity of supply—have been absorbed by the first occupier or settler of the land, and thereafter every purchaser would pay tribute to him. In other words, the following objection may be registered against the argument made above: "Yes, the purchaser pays or paid to the prior owner a value based on anticipated future unearned increment. But that prior owner gets the unearned increment in this case; the value of his property right was socially created. He is the real beneficiary of the unearned increment."

Now I pause to point out that this reply stamps with peculiar and pointed injustice the proposal to clap repeated increases of taxation on "subsequent purchasers" after the manner and for the reasons proposed by Mr. Fillebrown. If there is one man who does not deserve to be singled out for attack, it is the man who has purchased land at a price or value determined by capitalizing future unearned increment.

Coming back to the first occupiers and settlers of the land, it seems plain from what can be learned of the history of land values in this country, that they reaped for the most part only a very modest speculative land value, and that they richly earned in hardship, danger, and suffering all that they got. It is unquestionably true that in the alienation of the public domain in the nineteenth century, there was widespread exploitation, waste, and graft. But those ill-gotten gains have long since been acquired and paid for by innocent purchasers. Moreover, they did not occur in connection with urban lands to which principally, the single tax doctrine is now being applied. Historically most of what is sound in the single tax theory (and in socialistic theory as well) bears upon the inheritance of property. Here is practically the only "unearned increment" or "surplus value" of any considerable extent which can withstand searching analysis.

Dismissing, however, the dim and faded figures of "original settlers" and eliminating that element of the problem represented by inheritance, what we actually have at present is this: a constant succession of innocent purchasers buying land at values based largely upon the belief that the economic rent of such land will increase, failing to secure any increment in a very large number

of cases, and actually securing it in a still larger number, but in the effort to secure it, paying more taxes than they would pay and using the land earlier and more intensively than they would use it, if the increment were not expected. I pass no verdict upon the social profitableness of land speculation, particularly in the past. I do not believe that in the past it has contributed either to a very intelligent or to a very wholesome development of our cities.⁶ I have known land speculation to demoralize whole communities, until a majority of the population seemed devoted to no more manly or helpful activity than a misdirected effort "to catch suckers." Historically a grave indictment could easily be drawn against land speculation. But all that is beside the point under discussion: the fact (so I regard it) that competitive forces dissipate or diffuse part, all, or more than all of the so-called unearned increment.

Much light upon the nature of the so-called "unearned increment" and the reality of its diffusion, is thrown by the simple question: Would it pay the state to purchase all land held in private ownership at existing prices? If the increment is not diffused and is really unearned, then the state can get it with absolute certainty by simply buying and waiting. And the state can afford to wait longer and to discount a more distant future than can any private individual.

Few persons would advocate such an investment. Most every one would agree, I take it, that such a venture would probably prove unprofitable; and the reasons for this belief are significant. In the first place, the state would lose all taxes on unused property. At present it raises a handsome tax revenue from this source. Next, the state would sustain the enormous losses which investors in real estate suffer. Moreover, its rental returns, after subtracting the relinquished taxes on real estate, would probably be for a long time less than the interest on the capital invested. Finally, there would be suppressed all those activities, some baneful, some neutral, and many more beneficial in their effect, which are evoked at present by the effort to hasten and realize the unearned increment. If this answer to the question be correct, the real conclusion is that most of the "unearned increment" is not unearned.

⁶At present the larger urban real estate companies are working with far greater intelligence and skill. They are in many instances today really making place and time utilities; in other words, they are "producing" in large degree the land values in which they traffic.

VI

Although the unearned increment and similar privileges or immunities tend to be diffused, they are not necessarily returned to the coffers of the state. Upon this fact may be built a formal but strong argument for the increase of taxes upon any form of durable property which is in appearance exempt or which is paying less than the average rate of taxation.

It may be said, with some truth, that there is a general presumption in favor of taxation; that it is not the state's business whether the owner of untaxed property is forced to give back to consumers the benefits of this illicit privilege or not; that the state's concern is in getting directly for the public treasury a fair tax contribution; that "the public" may not be exactly identical with the body of people who benefit by the process of diffusion noted above.

There is evidently some truth in this argument. It is not only expedient that people should pay taxes; it is expedient that they should be known and seen to pay taxes.

Under the circumstances, therefore, there may be some justification for a gradual, slow, and moderate increase of taxation upon property or income which is in appearance escaping. If securities are paying no direct taxes it may be socially expedient that by equitable stages the tax rate should be increased until the tax on securities is equal to the tax on similar forms of personal property. No owner of property has acquired or can acquire a vested right in continued exemption from direct taxation.

But all this reasoning has absolutely no application to property such as real estate which is already and at the present time bearing its full quota of direct taxation. The rate of taxation upon real estate is almost universally higher than upon other forms of property. Purchasers of land can be in no practical or equitable sense tax-free. There is no justification for an increase of taxation upon real estate based upon the capitalization theory of incidence or the general class of arguments which Mr. Fillebrown and his associates have made so familiar.

VII

The theory advanced above leads, or apparently points, to a number of rather interesting but miscellaneous conclusions which may be recorded although they can not be adequately discussed at this time.

1. The diffusion of the "unearned increment on land" rests largely upon anticipation, upon what is practically the taxation of income or rent before it exists or is actually realized. This will be regarded by most people as a strong and fortunate characteristic of our American system of levying taxes on capital values; and so far as it does assist in diffusing the unearned increment, it represents a real excellence of the American system. We do at least succeed in taxing the vacant city lot.

But it gives to our whole system of land taxation all the speculative uncertainty involved in capitalizing future uncertainties. The task imposed upon the local assessor is, when carefully analyzed, an absurdly difficult one. Some day we shall be forced to purchase certainty of assessment and appraisal by making far greater use of the more realistic income basis, although this must be done without voting to present landowners any undeserved bonus and without relinquishing the community's present share in economic rent.

2. If the diffusion of the unearned increment rests upon sound analysis, it follows by parity of reasoning that expected future increases in land taxation will in part be anticipated and diffused. Exactly what is meant by the "shifting" of a tax I do not know, nor whether that term includes those ultimate repercussive effects on prices and the welfare of the consumer which have been emphasized above. But giving a wide interpretation to the term "shifting," the analysis here presented probably justifies the conclusion that expected increments of land taxation will be shifted in large part to substantially the same classes who benefit by the diffusion of the unearned increment. There is probably ground for the belief that land taxes are in part shifted.

3. The diffusion of the unearned increment is an anticipatory process, based upon that "economic expectancy" upon which so large a part of existing land values are based. Destroy the expectancy and you prevent the diffusion. It is for this reason that single tax agitation may and does prove so costly. It tends to prevent the diffusion without in any way increasing the public revenue. For that reason the agitation ought to be suppressed in the only way in which it can be effectively or fairly suppressed, namely, by voting it down. To that end in my opinion it is expedient that constitutional clauses prohibiting specially heavy land taxes (or the classification of improvements and personal property) should be repealed. The single taxers are entitled to

an open vote upon their "reform," and so long as it is denied to them their essentially weak proposals are strengthened by essentially undemocratic restrictions. Truth does not need to cower behind the paper bulwark of a written constitution. If the advocates of fair taxation can not explode single tax claims in an open and protracted campaign upon the subject, they deserve to be beaten.

4. There is no real danger in the activities of those sincere and high-minded, but mistaken, single taxers who believe—and say so with logic and courage—that single tax means the confiscation of land values whether innocently purchased or not. That is the doctrine of Henry George and it is the doctrine of his true disciples. It is a significant fact—and a tribute to the intellectual honesty of the men concerned—that most of the single taxers on the New York (Mayor's) Committee on Taxation repudiated the proposal to tax the future unearned increment. Not the future increment but all the increment is what they are after. Confiscation and repudiation are pillars of the single tax temple; they are of the essence of the reform. "If you innocently tread on my toes," said Henry George (I quote from memory), "you may reasonably ask to be excused, but you cannot ask to be allowed to stand there forever." If legislatures, the argument goes, have voted away socially-created land values in the past, they acted *ultra vires*, and legislatures of today are justified in undoing their pernicious work. There is little question what attitude the electorate will take toward such a proposal—they will sense its injustice instantly and overwhelm it with honest ballots.

The real danger is in those halfway advocates and dissenters, on both sides of the fence, who attempt to convince themselves and others that we may rightfully increase land taxes because through the alchemies of a mysterious capitalization process, land values are untaxed at present. That theory is really dangerous because it is an attempt, doubtless unconscious, to sweeten the unsavory flavor of the genuine single tax which turns the stomach of the average voter and like too much poison is harmless because of its very excess. The great danger lies in the attempt to make sweet and reasonable what is inherently repulsive: it lies in the careless endorsement of arguments which operate to denature an essentially nauseous medicine. Even Professor Charles J. Bullock, if he is correctly quoted in the recent *Report of the [New York] Joint Legislative Committee on Taxation* (p. 169), must be

placed in the class of those who lend aid and effort to the single tax cause:

The heaviest burden will fall here [upon real estate]. But this is greatly alleviated by the fact that whenever real property changes hands, existing taxes are capitalized, so that the purchaser buys upon what is practically a tax-exempt basis.

The writer has, of course, no quarrel with the proposition that high tax rates on land are alleviated by the fact that whenever real property changes hands existing taxes are capitalized. This may be true. But that the purchaser buys upon a tax-exempt basis is, if the preceding analysis be correct, a dangerously misleading statement.

I find in reading over the preceding paragraphs that I have written more dogmatically than I feel and more emphatically than the rules of polite controversy warrant. But the emphasis may perhaps serve a useful purpose. If the position taken be unsound, it will bring down surer and swifter retribution, a speedier recognition of the true doctrine. If it is sound, it will serve to call attention to the danger inherent in the careless use of words. I have no reason to believe, it may be added, that the doctrine here defended is new. Professor Bullock in particular has frequently called attention to the diffusion of the "unearned increment" in the case of land values, and the diffusion theory as applied to taxes is of course very old. As a matter of fact, I assumed during a number of years past that the processes here described were thoroughly understood by every one who had seriously studied the incidence of taxation. More recent events, however, have convinced me either that the analysis here presented is wrong, or, if right, that it stands in need of vigorous and repeated statement.

I am anxious, however, to avoid any confusion of theories with personalities, of measures with men. For Professor Seligman, Mr. Fillebrown and others whom I have associated with the idea of "exemption through capitalization," I have only the most genuine admiration. No one can mistake their objects and aims: if they have swayed from the straight path of logic it has always been to the side of that larger public whose interests stand in such need of articulate championship. The field of taxation is in many respects a trying one. The forces arrayed there are seldom disinterested, and their thinking is frequently, perhaps ordinarily, colored by a rather short-sighted selfishness. To this battle-

ground Henry George and his followers have brought a disinterested passion which is as unusual as it is refreshing, as fine as I am forced to believe it mistaken. Nothing could be further removed from the purposes of this paper than to smirch, or attempt to smirch, the motives of those scholars and single taxers who have so earnestly attempted to think disinterestedly in a field where without them class interests would hold almost undisputed sway.

T. S. ADAMS.

VALUATION OF RAILROAD RIGHT-OF-WAY¹

I

A specific provision of the federal Valuation act of March 1, 1913, requires the Interstate Commerce Commission to

investigate and report in detail, separately from improvements, the original cost of all lands, right of way and terminals owned or used for the purposes of a common carrier, and ascertained as of the time of dedication to public use, and the present value of the same, and separately the original and present cost of condemnation and damages or of purchase in excess of such original cost or present value.

There is also to be shown separately the value of property held for purposes other than those of a common carrier, and the original cost and present value of the same.

The motive for these requirements is obvious to all who have followed the debates and arguments leading up to the passage of the Valuation act. Many who favored the law held to the theory that railroads are not entitled to appreciation of land values in a "cost-of-reproduction" estimate; that such appreciation is of the nature of an unearned increment not produced by the railroads and to which they have no just claim; that to allow an appreciated figure conformable to that of the market value of surrounding lands would result in constantly increasing the reproduction cost on which claim for a "fair return" can be made in rate controversies.²

The fear that the allowance of *present value* of railroad right-of-way and terminals will be used by the carriers in justification of claims to constantly higher rates, seems to have been engendered by the Supreme Court statement in *Wilcox v. Consolidated Gas Co.* that "if the property which legally enters into the consideration of rates has increased since it was acquired, the Com-

¹The expression "right-of-way" signifies land which a railroad corporation owns or is entitled to use, and is so defined by the United States Supreme Court in *St. Louis, K. C. & C. R. R. v. Wabash*, 217 U. S. 247.

²Senator La Follette in reporting the Valuation act to the Senate remarked: "The primary purpose in establishing these values (i.e., original cost and present value of lands) separately, I shall state very frankly. It is to put into the possession of the Commission and upon record the data which will enable us ultimately to try out the question and determine the right of the railroads to capitalize the unearned increment." (Cong. Rec., Mar. 15, 1913, p. 5132.)

pany is entitled to the benefit of such increase."³ However, it is clearly manifest from other rate decisions of the Supreme Court (including the Minnesota rate cases) that no claim to higher rates would be legally justified merely because there had been an increase in real estate values. Even in the Wilcox case, the court made an exception to its application "where the property may have increased so enormously in value as to render a rate permitting a reasonable return upon such increased value unjust to the public." As pointed out by Justice Swayze, if a gas plant were by a fortunate accident to have located at Broad and Wall Streets, New York, and to have remained there despite the high rental value of the site, the courts would certainly not grant a rate which would yield a return on the increased value of the land. "Prudent management would require removal to a less expensive site better adapted to the business."⁴

One theory advanced in opposition to the allowance of present value in railroad land appraisal is that there exists between the public and the railroads the relation of principal and agent. Accordingly the carrier, as an agent, "cannot claim a return on the increased value of the property used in the agency."⁵

This argument is without legal sanction and breaks down in its practical application. If railroad investors as agents of the public must yield all but a proper compensation to the public, they are in justice entitled to be reimbursed for all losses honestly and judiciously incurred in their capacity as agents. American railroads, however, have not been built or operated on this legal theory. The public does not owe the railroad proprietors the money invested in the railroad property. The public has no obligation to reimburse in case of failure and may not appropriate the rewards of success. As Justice Hughes in the Minnesota rate cases pointed out:

³212 U. S. 52.

⁴"The Regulation of Railroad Rates under the Fourteenth Amendment," *Quarterly Journal of Economics*, May, 1912. See also *San Diego Water Co. v. San Diego*, 118 Cal. 556; and *Western Rate Advance Case*, 1911, p. 31, in which Commissioner Lane pointed out: "It is a conservative statement of the law to hold that a railroad may not increase the rates upon a number of commodities solely because its real estate has risen in value."

⁵See "A Just and Scientific Basis for the Establishment of Public Utility Rates with Particular Attention to Land Values," by Max Thelen in the *Proceedings of the Twenty-fifth Convention of the National Association of Railway Commissioners*, 1913.

It is clear that in ascertaining the present value we are not limited to the consideration of the amount of actual investment. If that has been reckless or improvident, losses may be sustained which the community does not underwrite. As the company may not be protected in its actual investment, if the value of its property be plainly less, so the making of a just return for the use of the property involves the recognition of its fair value if it be more than its cost. The property is held in private ownership, and it is that property and not the original cost of it, of which the owner may not be deprived without due process of law.⁶

Ex-Commissioner Milo R. Maltbie, of the New York Public Service Commission, in an opinion regarding rates of the Queens Borough Gas and Electric Company, June 23, 1911, endeavored to get around the court decisions which permit the inclusion of appreciated land values as a part of reproduction cost by assuming that the appreciation in land may be treated as income, and as income it becomes a part of the rate of return, the reasonableness of which is in question.

Unless this is done, it is obvious that the consumer will be burdened with all the estimated decreases in assets but not credited with the increases in assets. If the principle laid down by the courts is to be followed in part, it should be followed in whole.⁷

This theory is favored by Dr. E. W. Bemis⁸ and by Dr. Robert H. Whitten. In support of his contention, Dr. Whitten quotes the rules laid down by the United States Commissioner of Internal Revenue under date of December 15, 1911, for the purposes of the special excise tax on corporations. These rules provide that profits realized on the sale of real estate and also the appreciation of unsold property *if taken up on the books* shall be included in the income of the corporation subject to the tax. Dr. Whitten adds:

It is true that under this ruling appreciation in value of unsold property is not included in current income unless such appreciation is taken up on the books of the corporation, but equitably in a rate case such appreciation is taken up whenever the corporation claims a return on the appreciated value.⁹

The fallacy of this reasoning lies in the failure to distinguish between accounting procedure and equitable valuation. Account-

⁶ 230 U. S. 454.

⁷ See Whitten, *Valuation of Public Service Corporations*, vol. I, p. 121.

⁸ See *Report on Investigation of Chicago Telephone Company*, pp. 36-37.

⁹ Whitten, *op. cit.*, Supplement, p. 937.

ing is a procedure for determining the effects of current transactions expressed in monetary values. Valuation, however, is a procedure for determining hypothetically the sacrifice that investors would be compelled to undergo in reproducing or fully restoring a property which at the time of the valuation is assumed to be entirely non-existent. To treat land appreciation in valuation proceedings as income would be to assume: (1) That the income could be attributed to the transactions of a definite period, and (2) that such income has been converted or could be converted into cash or its equivalent. This would imply that there are purchasers ready to take over the whole or any part or parcel of the lands at their appreciated value. It assumes that every fixed item of capital investment has a convertibility represented in cash and cash items, whereas in accounting practice a rigid distinction exists in the valuation of fixed assets so-called and of current assets. In the valuation of current assets there is an assumption of current market value, and the rule is that such assets must be valued at cost or market value whichever is the lowest. In the valuation of fixed assets, however, there is no assumption of market value: first, because such property is not held for purposes of sale, and, second, because such property being of a definite, specialized, fixed character has no market value separately from the entire plant. Upon these grounds, Judge Clark of the New York Appellate Division of the Second Department in *Kings County v. Wilcox* refuted Mr. Maltbie's theory:

The land is used for the business of the company and is appropriate therefor. So long as the land is held and used for such purpose, increase in value can not be considered as income or as available for the payment of debts, taxes, or dividends.¹⁰

Whether in the present federal valuation of railroads the "present value" or the "original cost" of right-of-way or terminal grounds will or will not be finally adopted does not diminish the difficulties of the actual work of land appraisal. Certainly, the problems are of such importance as to require the most careful investigation and the utmost caution in the adoption of stand-

¹⁰ 156 App. Div. N. Y. 608, May 9, 1913. This case was affirmed by the New York Court of Appeals (210 N. Y. 479) thus: "We agree with the Appellate Division that annual increase in the value of land is not income. Of course, under the rule of *Ames* case (supra), land might become so valuable as to require its use for other purposes and as to make a rate based on it unfair to the public. The present is not such a case."

ards for estimating either original cost or present value. Neither the legal nor the economic data furnish definite gauges for proper appraisal in all cases. This was the contention of Justice Hughes in the Minnesota rate decision.¹¹ It was also suggested by Justice Peckham, who in *Wilcox v. Consolidated Gas Co.*, referred to the valuation of real estate as a "matter of speculation or conjecture to a great extent."¹²

II

Probably the best approach to the subject of railroad land values is a consideration of the nature of railroad land purchases. A railroad right-of-way purchase is not the simple acquisition of real estate. The railroad right-of-way, moreover, is not merely an easement limited to the strict technical sense of the term. It does not denote a right used in common with others, but is *an exclusive ownership or use of the land* which continues in the railroad as long as such land is used for railroad purposes. The value of ownership for railroad purposes, however, is restricted to the "situs"; so that ordinarily the *fee* is of little value unless the land is underlaid with quarry or mine.¹³

It is the practical necessity of exclusive use and the resulting full ownership of the right-of-way which gives the railroad its character of a private owner appropriating land for a public use. The requirement of continuity and gradient, and the peculiar adaptation of certain locations for these purposes, places the railroad company in the position of a forced purchaser. The legal consequence has been the application of the right of eminent domain to railroad land purchases. In the exercise of this right, the principles of law and economics have been applied in a way which clearly indicate that *the circumstances ordinarily controlling purchase and sale (i.e., free exchange) have very little influence*. In other words, the psychological basis of bargaining is ignored, for the legal concept of full compensation for damages sustained does not admit a scale of profit to the owner warranted by the needs of the purchaser, neither does it permit tests of the financial abilities of the appropriator.

¹¹ Thus Justice Hughes stated: "By reason of the nature of the estimates and the points to which the testimony was addressed, the amount of the fair value of the company's lands cannot be satisfactorily determined from the evidence."

¹² 212 U. S. 50.

¹³ *Smith v. Hall*, 103 Iowa 25.

With these considerations in mind, it seems somewhat ridiculous to apply the term "market value," to railroad right-of-way. Real estate is not a commodity currently interchangeable with other commodities of the same kind. Each specific parcel is a unit in itself, fixed and non-interchangeable, and in but very few cases identically similar to other parcels. Consequently, applying the term "market value" to real estate is erroneous unless it is assumed to have a peculiar application differing from the common concept.¹⁴

In land condemnation cases the courts have sought to define "market value" as applied to land. But these definitions relate rather to an enumeration of elements determining "fair value" than to a correct determination of an economic concept. Thus, "market value" is said to depend on a fair consideration of the location of the land, the extent and condition of its improvements, its quantity and productive qualities, and the use to which it may reasonably be applied.¹⁵ In practice, however, these elements are frequently considered in relation to the selling price of neighboring land, for the influence of example is undoubtedly great in fixing standards. Consequently, many courts have allowed testimony regarding actual sales of similar property made at or about the time of the taking.¹⁶ Yet, as applied in condemnation proceedings relating to appropriation of real estate for right-of-way purposes, actual sales, or the elements ordinarily determining market value, are frequently of little weight, for it is not the area or the location or the productiveness of the land taken for railroad purposes which is the measure of damages. It is *the diminution in the value of the whole parcel from which the right-of-way strip is severed*.¹⁷ This has become a fixed principle of law. Notwithstanding its general acceptance, however, it is the belief of many public utility experts, because of a decision of the highest judicial tribunal¹⁸ that a "fair average of the normal

¹⁴ "The market value of land is in a sense uncertain. It cannot be determined as are securities on stock exchange transfers. It depends on many conditions which affect the judgment and opinion of a witness." *Hewett v. Pitts, etc. R. R. Co.*, 19 Pa. Super. Ct. 304.

¹⁵ See *Cochran v. Mo. etc. R. R. Co.*, 94 Mo. App. 469, 68 S. W. 367; *Pitts, etc. R. R. v. Vance*, 115 Pa. St. 325, 8 Atl. 764; *Hewett v. Pitts, etc. R. R. Co.*, 19 Pa. Super. Ct. 304; *Meyer v. Chicago, etc. R. R. Co.*, 68 Wis. 180, 31 N. W. 710; *Spring Valley Water Works v. Drinkhouse*, 92 Cal. 528.

¹⁶ See Lewis, *Eminent Domain*, 3d ed., sec. 662 and cases cited.

¹⁷ See *Baumann v. Ross*, 167 U. S. 575 *et seq.* and numerous other decisions.

¹⁸ *The Minnesota Rate Cases*, Sen. Doc. No. 54, 63 Cong., 1 Sess. (230 U. S. 352).

market value" of land in the vicinity having similar characteristics is the full measure of railroad right-of-way value.¹⁹

In condemnation proceedings courts have uniformly held that in the acquisition of land for railroad purposes, two values are concerned: first, the value of the total property before any part thereof is appropriated; second, the value of the remaining part left to the owner after the appropriation is made.²⁰ Damages are therefore assessed as a differential, *i.e.*, the difference between the "market value" of the whole parcel and the "market value" of the unappropriated portion *after severance*. In view of this principle, right-of-way value is different in character from ordinary land value, since the cost on which the value is based as compared with the value of whole parcels of similar real estate is not determined primarily by area. Accordingly, right-of-way is not appraised correctly when the appraisal is based *solely* on ordinary real estate transfers.

It is a common dictum of the courts that in the exercise of the right of eminent domain "the damages are to be assessed with reference to the detriment of the owner, not with reference of the value of the land to the railroad company by which it is taken."²¹ But the use for which the land is appropriated and the need of the appropriator with reference to the land are undoubtedly the most influential elements in determining the amount of the award. The first element has been interpreted as "the profitableness of the present and prospective uses to which the land has been put." In the leading case, *Boom Company v. Patterson*,²² it was held that, although the exclusive privilege granted to a logging company to use for logging purposes a river in which three islands were located made those islands valueless for booming purposes to any other company than the one having the monopoly, the fact that these islands had a peculiar value for booming purposes must be taken into consideration in awarding damages for their appropriation. Thus the court held:

¹⁹ See oral argument of Mr. Max Thelen on behalf of the National Association of Railway Commissioners before the Interstate Commerce Commission, January 29, 1916.

²⁰ See *Hewitt v. Pitts, etc. R. R. Co.*, 19 Pa. Super Ct. 304; *Minn. etc. R. R. Co. v. Waldron*, 11 Minn. 515; *McReynolds v. Kansas City etc. R. R. Co.*, 110 Mo. 484, 19 S. W. 824, etc.

²¹ *Ex parte B. H. T. & W. R. Co.*, 22 Hun. 176.

²² 98 U. S. 403.

The inquiry in such cases must be, what is the property worth in the market, viewed not merely with reference to the uses to which it is at the time applied, but with reference to the uses to which it is plainly adapted; that is to say, what is it worth from its availability for valuable uses.²³

This dictum is upheld in subsequent cases, notably that of *United States v. Chandler-Dunbar Co.*, in which it is stated that when a possible use for land has "passed beyond the realm of the purely conjectural or speculative," this use is to be considered in condemnation proceedings²⁴ and in *New York v. Wm. Sage*, decided November 8, 1915, which supports the contention that "the fact that the most profitable use could be made only in connection with other lands is not conclusive against it being taken into account."²⁵

Mindful of the legal precedents as well as the actual railroad experience in acquiring lands, appraisers of railroad property have generally made allowance in some way for the additional rights other than the fee to the land acquired in the purchase of railroad right-of-way. The Minnesota rate case decision of June 9, 1913, in which the increment of "railroad value" was discountenanced and nothing above the average normal market value of contiguous and similarly situated property was granted as the basis of appraisal, would seem to nullify common precedent in railroad valuation. A careful study of Justice Hughes's opinion, however, does not warrant this belief. There is no specific denial that railroad companies pay more for right-of-way than is obtained in ordinary land transfers. In fact, the Justice quotes from *Boom Co. v. Patterson* that "special adaptation for railroad purposes would be an element to be considered" in condemnation

²³ 98 U. S. 408.

²⁴ 229 U. S. 53. See also *Shoemaker v. U. S.*, 147 U. S. 282 and *Kerr v. Park Commissioners*, 117 U. S. 379. Also *Goodwin v. Canal Co.*, 18 Ohio 169 (quoted in *Boom Co. v. Patterson*) where a railroad sought to appropriate a canal bed, the court held that the rule of valuation was: what the interest of the canal company was worth *not for canal purposes or for other particular use* but generally for any and all uses for which it might be suitable. Recently in proceedings by one railroad company to condemn for railroad purposes the land of another, the Pennsylvania supreme court held that the fact that the owning company had ceased to operate did not limit the damages to the value of the ground for agricultural purposes, but permitted recovery on the basis of its value by reason of its availability for the location of a railroad. *North Shore v. Pennsylvania Co.* (Pa.), 96 Atl. 990.

²⁵ *Advance Opinions* (U. S. Supreme Court, Oct. Term, 1915), p. 25.

proceedings. He held, nevertheless, that in the case before the court "there was no evidence from which the amount which would be properly allowable in such condemnation proceedings can be ascertained." The method followed in the appraisal of Minnesota railroads (the application of a multiple to average market value of contiguous lands to represent the increment of railroad value) was unsatisfactory. In the language of the court, "it was conjectural."

An attempt to estimate what would be the actual cost of acquiring the right-of-way if the railroad were not there, is to indulge in mere speculation. . . . The cost-of-reproduction method is of service in ascertaining the present value of the plant when it is reasonably applied and when the cost of reproducing the property may be ascertained with a proper degree of certainty, but it does not justify the acceptance of results which depend upon mere conjecture.

The conclusion of the court is:

Assuming that the company is entitled to a reasonable share in the general prosperity of the communities which it serves, and thus to attribute to its property an increase in value, still the increase so allowed, apart from any improvements it may make, cannot properly extend beyond the *fair average of the normal market value* of land in the vicinity having a similar character. Otherwise we enter the realm of mere conjecture.²⁰

Notwithstanding this conclusion, no criterion is stated for determining "fair average of the normal market value," the court merely rejecting the method pursued by the master, inasmuch as: "By reason of the nature of the estimates and the points to which the testimony was addressed, the amount of the fair value of the company's land cannot be satisfactorily determined from the evidence."

The Minnesota rate decision in reference to land valuation established two principles:

1. Railroad right-of-way and terminal grounds regardless of original cost or method of acquisition are to be appraised on a "present value" basis.
2. The "multiple" or factor representing damages from severance and the like is not to be computed on a conjectural basis.

The effect of these principles is far-reaching. The first nullifies the principal and agent theory regarding land acquired and held for railroad purposes. The second, though not denying

²⁰ 230 U. S. 455, also Sen. Doc. No. 54, 63 Cong., 1 Sess., p. 46. The italics are the author's.

excess cost of railroad land over ordinary real estate, requires the establishment of higher values by definite proof. This entails detailed study and investigation of experience in right-of-way acquisition and the separate appraisal of each parcel or zone of railroad land not only with reference to its peculiar value for railroad purposes but also with reference to contiguous land values and to the severance and other damages caused by the construction and operation of the railroad.

III

Passing from the consideration of the legal principles underlying railroad land valuation to the practices, methods, and results of actual appraisals, we are confronted with a variety of precedents and a disconcerting lack of harmony in methods. The earliest state-wide railroad appraisal, that of Texas in 1894, was too cursory in character to form a precedent; moreover, in the sparsely settled state of Texas, land values were not sufficiently great to form an important factor in final results. The valuation was made for the purpose of regulating security issues. The value applied to right-of-way and real estate was in accordance with current market value of other property immediately adjoining, disregarding donations or property acquired at less than value.

In 1900 the state of Michigan made an appraisal of railroad property for taxation purposes. The estimates of special appraisers and real estate experts were relied upon for determining land values. It was recognized, however, that there was a special value attaching to railroad lands. Accordingly, in order that such value be included for taxation purposes, an increment was applied to the values as determined by experts. We have here probably the first instance of the application of "multiples" to the so-called "naked" values—a practice that subsequently became the rule in railroad appraisals.

The first Michigan appraisal was completed within a period of 121 days. In this brief space of time, it was practically impossible to make a fair investigation of land values. Although railroad lands in large cities were personally examined by special appraisers who, it is stated, conferred with real estate agents and other experts, and made estimates on an acreage or square foot basis, the lands outside of the cities were merely classified in accordance with population of the districts, and "naked" land values ascertained largely by correspondence with real estate men and

bankers.²⁷ To the land values thus ascertained there was added a percentage varying from 100 to 200 per cent, plus a fixed charge ranging from \$3 to \$8 per acre to cover cost of acquisition and the like.²⁸

The methods first applied in Michigan were not considered satisfactory. Accordingly, in the next appraisal, that of 1902, a more careful study was made. With a view to determining actual railroad experience in acquiring land, county real estate registration offices were visited, and abstracts were made of all transfers within a period of ten years. From these data the average price paid per acre for different classes of land was computed. Then, in order to obtain a basis of comparison, a very careful study was made of transfers of both improved and unimproved land lying adjacent to railroads. The average price of these land transfers, when compared with the Michigan valuation of 1900, showed that the early appraisal had considerably undervalued railroad real estate.

The experience in Michigan was utilized to a great extent in the first (1903) Wisconsin valuation for taxation purposes. The Wisconsin Tax Commission, however, made use of an additional feature in determining land values. To the average transfer price per unit (*i.e.*, per acre, per lot, etc.) was applied a percentage or ratio representing the relation of the average assessed value of transferred land in the locality under consideration to the average price paid for such land. This feature was introduced as an additional safeguard for the correct estimate of market value.

Unlike the Michigan and Wisconsin valuations, the Minnesota appraisal of 1908, made under the auspices of the State Railroad and Warehouse Commission, was for rate-making purposes. Distinct methods were followed in determining value of large terminals and of right-of-way. In appraising terminal lands, the so-called sales method of Wisconsin was followed, including the application of a ratio or increment representing the percentage of assessed value to sale price. This was done on the principle: "As the assessed value of the lands sold is to the consideration

²⁷ Classification of lands was as follows; *viz.*, (1) farm land; (2) barren land; (3) villages having a population of less than 500; (4) villages from 500 to 4000; (5) cities less than 10,000; (6) cities more than 10,000.

²⁸ See "The Valuation of Public Service Corporation Property," by H. E. Riggs, *Transactions of American Society of Civil Engineers*, vol. 72, pp. 52-64.

paid, so is the assessed value of real estate to the entire assessment."²⁹

In appraising right-of-way outside of large terminals, the Minnesota method differed from that of Wisconsin and Michigan. A number of special agents made an exhaustive study of the transfers and assessed values throughout the state. In order to arrive at a basis for estimating the "excess cost" of lands to railroads, records were made of all the recent railroad land purchases in the state. By means of this research, it was found that the railroad companies in condemnation proceedings paid $4\frac{1}{2}$ times the true value of land; and in purchases, $1\frac{7}{10}$ times the true value. The so-called "true value" was determined from opinions of experts and from information furnished by the railroad companies.

In the Washington railroad appraisal of 1908, real estate transfers and right-of-way purchases were ignored. The determination of "present value" of railroad lands was delegated to three experts, men who had been buying land for railroad purposes in Washington and were familiar with prices. These men made a personal inspection of every line of road within the state and every piece of property owned by the road. In addition, testimony of real estate men in all the large cities was secured. The state board of railroad commissioners "sitting as a court" fixed the value in the same way that would be pursued in ordinary condemnation proceedings.³⁰

Nebraska, in 1909 and in 1913, in addition to using recent real estate transfers also employed experts in determining land values. The market value of land was established after hearing opinions of well-versed persons in each locality and after investigation of transfers of adjacent lands and of real estate assessments. The increment above market value to represent railroad value was the resultant of the application of comparisons using (1) actual costs paid by the railroads, (2) a consideration of the treatment of this question elsewhere, (3) personal experiences, and (4) a viewing of the premises by a number of the corps. To the right-of-way value thus determined there was added—for acquire-

²⁹ Report of D. C. Morgan, valuation engineer, contained in the *Annual Report of the Minnesota Railroad and Warehouse Commission*, 1908.

³⁰ See report of H. P. Gillette in the *Second and Third Annual Reports of the Washington Railroad Commission*, p. 49.

ment, special engineering and legal expenses—a sum approximating 6 per cent of market value.³¹

In 1911, New Jersey made a railroad valuation for taxation purposes. Mr. Charles Hansel, the expert in charge, relied largely upon the assessed value of adjoining lands in making estimates of so-called "naked" land values. In order to secure accurate information relative to such assessed valuations, he prepared a form on which was indicated the area of each tract of land or lot adjoining railroad land. The assessed value of each parcel was entered on the form by the county assessors. The data thus obtained were approved by the several county taxation boards and, in some cases, were further supplemented by reference to deed books. Field engineers were also instructed to make notes of the character of land and the improvements thereon.³² No per cent was added to ordinary land values except a sum to represent administrative cost and interest at 7 per cent. The state board, however, doubled Mr. Hansel's estimate of "naked" land value in its final estimate of the actual value of the right-of-way.

IV

It can be seen from the foregoing brief description of the leading state appraisals that methods and results in right-of-way valuation are not sufficiently definite to assist greatly in solving the problem. There is yet a wide difference of opinion as to the proper manner of computing right-of-way values. The method which has gained the most widespread favor is known as the "sales method." This was used in the Michigan railway appraisals in 1900 and 1902 and was next adopted in the Wisconsin valuations made under the provisions of the state ad valorem assessment law of 1903. It was also used in the South Dakota appraisals of 1907 and 1910. In two other states it was relied on partially, Minnesota using it in computing the present value of large terminals and Nebraska checking the results obtained by expert opinion and by reference to actual railroad land purchases.

Briefly described, the "sales method" is the systematic collection and comparison of data relating to real estate transfers for the purpose of estimating the so-called "true market" realty values. It consists of a study of the transfers of neighboring property having characteristics similar to the land whose value is to be

³¹ *Report of the Nebraska Railroad Commission, 1911, p. 451.*

³² *Report on Revaluation of Railroads and Canals, New Jersey, 1911.*

determined. Two interpretations of the "sales method" have been commonly employed. In one of these the area and consideration in each sale of similarly situated land is found, and the average unit price (per square foot, per lot, per acre, etc.) is ascertained. This unit price is applied to the tract under investigation. Such was the procedure in the original Michigan appraisal.

The other application introduces what is believed to be an additional safeguard, consisting of the use of the average assessed value of adjacent or similarly situated lands, in combination with an average ratio or percentage representing the relationship of the assessed value of transferred lands to the total consideration paid for such transferred lands in the same locality. In other words, each sale of real estate is shown under two valuations, (1) the selling price and (2) the assessed value. An average ratio of selling price to assessed value for all land in a district is then computed, and this ratio is applied to the assessed value of the right-of-way undergoing appraisal.

There is no doubt that the "sales method" as applied in Wisconsin and so well described and upheld by Professor T. S. Adams³³ is a useful process in checking local assessments and in fixing values for taxation purposes. In its application to railroad right-of-way, however, a difficulty arises from the fact that *individual purchases of railroad land apply to very small plots of peculiar shape, whereas sales of contiguous land represent large acreages*. Thus, in the Wisconsin investigation a study was made both of ordinary real estate transfers and of recent purchases of railway right-of-way in order to determine the "excess railroad cost." On one newly constructed line, 74 sales of contiguous land comprising 5604.5 acres were tabulated, making an average of 76 acres in each sale. In the 116 purchases of railroad right-of-way on the line, there were only 382.6 acres or an average of slightly more than 3 acres for each purchase. Along two other newly constructed lines, the investigation revealed similar disparities as shown by the accompanying table.

It is apparent from this table (see p. 302) that to apply merely the results of ordinary real estate transfers to railroad right-of-way values is erroneous. The conditions are altogether dif-

³³ See "Valuation of Real Estate by the Wisconsin Tax Commission," by Thomas S. Adams in *Proceedings of First Annual Meeting, Minnesota Academy of Social Science*; also *State Journal Printing Co. v. Madison Gas and Electric Co.*, 4 Wis. R. C. Repts. 501—535 (Mar. 8, 1910).

Investigation		Number of purchases	Total acreage	Average acreage per purchase	Total cost	Average cost per acre	Percentage of excess cost of right-of-way
Line A	Farm sales	74	5,604.50	75.8	\$304,323.00	\$ 54.30	5.22
	R. R. purchases	116	382.57	3.3	108,614.07	283.90	
Line B	Farm sales	41	10,775.00	262.8	108,927.01	10.11	407
	R. R. purchases	26	247.14	9.5	10,166.50	41.14	
Line C	Farm sales	488	39,155.70	80.3	452,809.13	11.55	316
	R. R. purchases	239	971.37	4.0	85,493.13	36.54	

ferent. In ordinary land transfers, undivided parcels of relatively large size are purchased. With railroad purchases, it is the acquisition of narrow strips in a definitely surveyed location. In the one case, transfers are on a wholesale, "bulk" basis; in the other case, purchases are on a retail, "selected," small parcel basis. The two are not comparable.

Another criticism of the "sales method" is that it involves a "sampling" process. The validity of this process depends not only on the fairness with which the samples are selected but also upon the numerical scale of the sampling with reference to the total data under investigation. In other words the "fairly selected samples" must be sufficient in number to equalize or neutralize individual peculiarities or discrepancies. From investigations thus far made under the "sales method" the inadequacy of the data is apparent. This was pointed out by the Committee on Valuation of the National Association of Railway Commissioners.³⁴ It was one of Mr. Hansel's reasons for rejecting the method in the New Jersey appraisal.³⁵ The cause lies not only in the scarcity of deeds showing actual cash consideration but also in the limitations in the selection of the samples (the "good sales"). According to Professor T. S. Adams, who is a strong advocate of the "sales method," a real estate transfer, to pass as a "good sale," must have the following qualifications:³⁶ (1) A full title

³⁴ Report of Executive Committee of National Association of Railway Commissioners on Valuation of Common Carriers, 1914.

³⁵ Report on Re-valuation of Railroads and Canals of New Jersey, by Charles Hansel.

³⁶ "Valuation of Real Estate by the Wisconsin Tax Commission," by T. S. Adams, *op. cit.*

must be passed; (2) the conditions of the sale must not be abnormal; hence, sales to railroads, to municipalities, etc., are not included; (3) the complete or net price should be stated in money or in terms easily and safely convertible into money; (4) the assessment (on which the ratio of sale price to assessment value is based) should apply to precisely the same property as sold.

Obviously, it is difficult to find any considerable portion of actual real estate transfers which are not defective in one or more of these qualifications. Even in instances where no effort is made to conceal the amount of the consideration, the conditions under which sales are made frequently render them "abnormal." Some courts have defined "market value" as being the fair value as between one who wants to purchase and one who wants to sell, not what could be obtained for the property under peculiar circumstances, when a greater than its fair price could be obtained, nor its speculative value, nor a value obtained from the necessity of another.³⁷ But, how many actual real estate sales are transacted under all the conditions that determine market value, or in how many instances are the relative positions of purchaser and vendor equally balanced? That there are such sales can not be denied; but in most sections of the country, they form so small a part of the total real estate transactions that, statistically considered, they are rarely available as a basis for a normal average. The application of statistics as a scientific method is limited to data of large numbers. An attempt to use the method by inadequate "sampling" easily leads to error unless, by a thorough analysis, both the "samples" and the results are carefully checked.

In using the "sales method," combined with tax assessment data, certain disturbing elements should not be overlooked. One is the usual *under*-assessment of large tracts of land compared with small tracts such as a railroad acquires.³⁸ A second is the endless variety of conditions and circumstances which influence the minds of local assessors. In view of these conditions, it is generally admitted that the "sales method" is not applicable to the valuation of any individual tract or of a single parcel of land.

The so-called "opinion method" of appraisal as used by the

³⁷ *Tedens v. Chicago Sanitary Dist.*, 149 Ill. 87; *Brown v. Calumet River Co.*, 125 Ill. 606; *Kansas City etc. R. R. Co. v. Fisher*, 49 Kan. 17, etc.

³⁸ An investigation of the Committee on Tax Revision of Virginia showed the following inequalities in the relative assessments on large and small rural

Washington Railroad Commission and in the Minnesota rate cases, and also by the Massachusetts Validation Commission consists in the collection of testimony and opinions of real estate experts and the averaging or the selection of individual estimates and computations. In the Washington appraisal, the state railroad commission, "sitting as a court," heard the testimony not only of the regularly employed right-of-way experts, but also the testimony of expert real estate witnesses whom the right-of-way experts consulted. The opinions of experts brought in by the railroad companies were also heard. On the basis of the information thus obtained the commission determined the "true land value."

This method, it is claimed, has all the advantages of condemnation proceedings. The validity of this contention, however, depends upon whether each individual parcel as acquired by the railroad is appraised separately. In condemnation proceedings it is not merely a question of value of appropriated land but of damages caused by the construction of the railroad. If the testimony of men expert in procuring land for railroad purposes is taken, and if the appraisal is based on conditions as to severance costs, damages, etc., prevailing at the time the railroad is constructed, the "opinion method" is undoubtedly useful. Because of differences in expert estimates, however, there is usually the necessity for some sort of averaging to arrive at a definite value of each right-of-way parcel. Herein lies the weakness of the "opinion method." It is a well-known fact that in condemnation proceedings expert witnesses of each side will give conflicting evidence as to value, resulting in great disparities. The purpose of each side ostensibly is to lower or raise the "average" in the final adjudication, for in spite of the legal principles of assessing damages in condemnation proceedings, the result is frequently a compromise between the claims of the purchaser and of the vendor.

The "opinion method" has been found to be a useful check on properties (see "Measures of Relative Tax Burdens," by A. E. James, in *Quart. Pubs. Am. Stat. Assoc.*, March, 1916):

Value of Property.	Number of sales	Total assessment.	Total selling price	Ratio per cent.
Total	16,362	\$7,929,415	\$23,666,730	33.5
Under \$500	7,683	718,187	1,536,634	46.7
500—1,000	2,965	776,978	1,992,607	39.0
1,000—2,500	3,219	1,791,904	4,924,387	36.4
2,500—5,000	1,574	1,714,282	5,241,605	32.7
5,000—10,000	635	1,285,946	4,127,999	31.1
Over 10,000	286	1,642,118	5,843,498	28.1

the "sales method." It was thus used in Michigan, Wisconsin, and Minnesota. Professor Pence of the Wisconsin commission has called it "calibration of the sales method";³⁹ and refers to its successful use in St. Paul by Mr. T. A. Polleys, real estate agent of the Chicago, St. Paul, Minneapolis and Omaha Railway Company.⁴⁰ Yet, in the tests used both by Mr. Polleys and Professor Pence, the estimates of individual experts varied considerably, and required averaging for comparison with results obtained by the "sales method."

Undoubtedly the usefulness of the "opinion method," particularly as a check on the "sales method," is due to the fact that local experts in their judgments are likely to recognize and to consider the characteristics and special conditions adhering to individual parcels of land, whereas such matters are likely to be omitted in an "average" derived from a tabulation of real estate transfers.

There remains yet to consider what has been called the "unit system" of real estate valuation.⁴¹ This system aims to establish as a basis of value a standard lot or land parcel of fixed dimensions and of definite situs in each zone or district. A standard lot, for example, may be assumed to be 25 ft. by 100 ft. and occupying a relatively fixed location with reference to the block or zone wherein it is situated. The value of lots or parcels which vary from these standard dimensions or which have more or less advantage with respect to shape and to location within the block are computed in percentages of the value of the standard lot. The range of values is made to conform to a graduated scale. The Somers system as applied in Cleveland, Ohio, had the basic unit of 1-foot frontage and 100-foot depth.⁴² The William E. Davis standard lot is 25 ft. by 100 ft. An example of a scale of value for lots varying from the standard (as used in the Somers method) is as follows:

³⁹ See *State Journal Printing Co. v. Madison Gas & Elec. Co.*, Wis. Ry. Com. Repts., 1910, p. 538.

⁴⁰ See "Real Estate Valuations," by Thos. A. Polleys, in the *Proceedings of Minnesota Academy of Social Science*, vol. 1, pp. 59-78.

⁴¹ For a discussion of the various methods by which "unit values" are obtained see *Some Principles and Problems of Real Estate Valuation*, by Alfred D. Bernard, published by the U. S. Fidelity and Guaranty Company of Baltimore; also *The Valuation of Urban Realty for Purposes of Taxation*, by W. I. King (Bulletin of the Univ. of Wisconsin, no. 689).

⁴² See "The Somers System of Realty Valuation," by H. L. Lutz in *Quarterly Journal of Economics*, vol. 25, p. 172.

CURVE OF VALUE

Any lot of a foot strip *Unit of Value*
1 ft. x 100 ft. = 100 per cent

Depth of lot	Per cent of unit value	Depth of lot	Per cent of unit value
1	3.10	80	90.90
10	25.00	90	95.60
20	41.00	100	100.00
30	54.00	150	115.00
40	64.00	200	122.00
50	72.00	250	126.05
60	79.50	300	137.85
70	85.60	700	142.35

Certain multiples are added to the scale as illustrated above to allow for the higher values of key lots or corner lots, and adjustments are also made in instances of irregularly shaped lots.

Since the "unit method" aims to establish a definite standard lot of fixed shape and dimensions, it is not readily adaptable to rural lands or to railroad right-of-way. Its application, therefore, is limited largely to urban real estate. There is an endeavor, however, to extend its use to railroad property now being appraised under the federal Valuation act, and for this reason it is considered in these pages.

Two serious objections may be advanced against the unit system of realty valuation. The first is that a value *must be calculated* for the standard lot. This necessitates the application of the "opinion method" or "the sales method" or both. Under the so-called Somers system as applied in Cleveland, Ohio, the assumed value was that agreed upon after "hearings" in which the testimony of local real estate experts and others was taken. By this application of the "opinion method" a so-called "community valuation" was said to be established. Under the William E. Davis system, the value of the standard lot is said to be computed by the "sales method," *i. e.*, from actual transfers, but, in view of the constant change in city realty values, this basis would be useless unless new calculations of the standard were constantly made.

The second objection against the "unit method" is that no allowance is made for "plottage" or for special adaptation to use. Plottage is the added percentage to aggregate value of two or more contiguous lots held in one ownership and attaches when vacant or when covered by a single structure, or it represents the increased value pertaining to a group of lots by reason of the

fact that they admit of more advantageous disposition and use than a single lot.⁴³ Thus "plottage" is an important element in the valuation of railroad yards and terminals. It has already received recognition in the appraisal of reservoir sites⁴⁴ and in the valuation of railroad property for taxation purposes.⁴⁵

V

The foregoing review of the legal and economic phases of land valuation, though not furnishing a guide to the best and most satisfactory methods for appraising railroad right-of-way and other real estate, points to certain considerations which should not be overlooked.

In the first place it is evident both from many court decisions and from state experience that the purchase of railroad right-of-way is not a simple purchase of land area but the acquisition of rights incidental to the necessity of continuity and gradient in roadbed. Accordingly, the computation of right-of-way value based *merely* on the unit of area in most cases is erroneous. The cost of right-of-way, as is well known, comprises distinct though not easily separable elements. The element constituting area acquired is frequently of minor importance compared with another element; namely, the damages arising from severance of land parcels caused by construction of roadbed or the damages to property arising from operation of the railroad. Though there may be a basis for estimating the cost of the "area" element of value, clearly there can be no basis for computing the other element by a mathematical formula. It must be admitted, therefore, that the calculation of right-of-way value on the basis of "average value" of contiguous lands and the like, and the use of multiples of such value to represent excess costs to railroads, are merely devices or substitutes for approximating fair value. It is ridiculous to apply the term "market value" to land in the same

⁴³ See N. Y. 73 App. Div. 152 and 130 App. Div. 734.

⁴⁴ In a recent decision of the United States Supreme Court (*New York v. Wm. Sage, Jr.*), decided November 8, 1915, the court denied to the owner whose land was appropriated for the New York City reservoir any part of the advanced value of his lot arising from its union with other lots to form a reservoir site. The condemnation commissioners had allowed an increment of value on the ground that the additional value representing the reservoir site as a whole should be shared between the city and the owners of the land—a proposition to which the court did not assent. See *Advance Opinions* (U. S. Supreme Court), Oct. Term, 1915, p. 25.

⁴⁵ *C. C. & St. Louis Ry. Co. v. Backus*, 154 U. S. 439.

way that it is applied to commodities, units of which have identical attributes and are freely interchangeable. In the purchase of railroad right-of-way the purpose is not to acquire the use of the soil as a physical material but rather to acquire the exclusive use of a "non-substitutable" situs.

To hold that all the various elements and considerations which cause disparities in cost of right-of-way are "neutralized" in an "average" covering a great many units and comprising a large territory is not justified in land valuation. Differences in location, in topography, in fertility, in usefulness, in proximity to population centers, to streams and to transportation facilities militate against the proper use of a statistical average based on quantity. Moreover, in the valuation of right-of-way it is not merely a matter of quantitative or qualitative analysis, but the determination of just compensation for severance, damage, public and private inconvenience, change of drainage, and other losses. Such considerations are not capable of statistical computation. In the language of Justice Hughes: "The ascertainment of that value is not controlled by artificial rules. It is not a matter of formulas, but there must be a reasonable judgment having its basis in a proper consideration of all relevant facts."⁴⁶

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⁴⁶ Minnesota rate cases, 230 U. S. 434.

TRADE ORGANIZATION AND TRADE CONTROL IN CHINA

China has no laws dealing with trade organization or control. Agreements or combinations having that end in view may therefore be entered into at will by either native or foreign corporations and individuals. No vague or pliable Sherman act has as yet found its way to the pages of a Chinese statute book. The government has made no attempt at changing or regulating business methods. In that respect its policy has been one of *laissez faire* in the strictest sense. Even if regulation of the activities of foreign traders were to be attempted at the present it might result in the violation of treaty obligations. There is, however, a kind of control over the relations of native merchants to each other as well as to the public exerted by the trade guilds, but this does not extend to foreign traders. China, indeed, may be said to be almost unique in the non-interference of the government with the larger problems of business organization and control. In no other country are the free play of competition and the law of supply and demand still so completely relied upon for the regulation of prices. But, at the same time, traders are at liberty to apply freely methods of business restraint. Such methods as, in the United States at least, have been held detrimental to public welfare, have called forth restraining legislation, and have led to much restrictive supervision of trade. The trend of restrictive trade organization, however, has been principally toward the erecting of barriers against fluctuations in exchange and an ever downward tending level of prices. But control of competition has also been an important factor.

It is not the purpose of this paper to discuss historically the trade guilds of China in their relation to its economic structure, but rather to deal with the newer trade relations that have arisen from the introduction and sale, on an extensive scale, of foreign goods and with the relation of foreign traders to the distribution of these goods in the native market. The foreign trader who controls an important line of merchandise usually seeks to establish some control over the channels of distribution. He does this in order to hold himself secure against possible losses due to the fluctuating exchange, or to direct the extension of his sales, to frustrate the sale of imitations, to keep competitors from using his channels of distribution and from reaping the benefit of his

own pioneer work, or for any other reason that may suit his purpose. Since no foreign trader, other than the Japanese, reaches the consumer direct in China, the native wholesale and retail trade must serve as a medium. It follows, therefore, that to accomplish any of the above purposes the foreign trader must to a considerable degree exert influence over these channels of distribution. Accordingly he enters into agreements of various kinds by means of which he is able to control more or less effectively his prices, market extension, or exchange problems.

Although the central government does not directly interfere in the management and conduct of foreign private business, this policy does not apply to those native articles of commerce which the government has selected as special revenue producers and closely controls for purposes of taxation. The principal one of these commodities is salt. The right of manufacture, of transport, or sale is under strictest governmental control; the "salt gabelle" is levied at every stage from production to consumption. Only licensed merchants may deal in salt or handle it and then only within limited prescribed areas. The salt merchants of the country are monopolists for the benefit of the government, which derives a very large revenue from this source.

The central government, in 1914, entered into an agreement with the Standard Oil Company of New York whereby that concern obtained the exclusive right to exploit oil fields of Yenchang-fu (Shensi) and Changte-fu (Chili). The right to exploit other regions, as yet unexplored, was also granted. For purposes of control, a Sino-American company was to be formed, in which the Chinese government was to hold a minority interest but a voice in the management. Although a great deal of drilling and exploring has been done by the company nothing tangible has as yet resulted from the arrangement. The government has also considered the establishment of a tobacco monopoly. In place of owning and controlling it outright, however, it would be necessary on account of lack of funds to turn its operation over to a private concern. Here also nothing tangible has as yet materialized and between Japanese interference and existing treaty obligations it will probably be a long time before a tobacco monopoly is established. The government controls and operates some gold mines in the extreme north of Manchuria, some pearl fisheries in eastern Manchuria, and some porcelain factories in Anhwei province. None of these yields extensive revenues and salt remains to the present

day the one domestic commercial article from which it derives a considerable amount of revenue. Native and imported opium has long been the object of special taxation.

There are numerous minor monopolies in China. They are sold or farmed out by local authorities, however, and may be retained in the same family for generations. Such are the right to exclusive production or sale of specified articles and the right to establish ferries at crossings of streams. The following instance of the creation of a private monopoly came to the writer's attention recently. A native woman, Mary Wang, had for a long time made and furnished the baskets used by a factory located in Pootung, a native settlement across the Whang Poo River from Shanghai. The superintendent of the factory, coming to the conclusion that the price of the baskets was higher than it ought to be, asked a Shanghai maker of baskets to submit bids on a lot. This he did at a very considerable reduction from the price asked by Mrs. Wang. He was given the contract and Mrs. Wang found herself deprived of what had been a fairly profitable business. Not for long, however. She appeared at the factory flourishing a large important looking document ornamented with an immense red seal or *chop*. She explained that the local *yamen* had conferred upon her the exclusive privilege of the manufacture and sale of the particular type of basket required by the factory and that no other basket-maker would be permitted to furnish it. This private monopoly had been conferred in exchange for about thirty *taels* (\$20). The woman's statement was confirmed a few days later when the man who had accepted the contract explained that he would not be able to make and deliver the baskets the contract called for within the Pootung district.

In a general way, the local and provincial governments are also in a position to interfere with commerce and trade through their taxing power. The barrier taxes, such as *likin*, *loti*, *gate*, or *river*, and the canal tolls, as well as the various local consumption taxes, that abound in every province, are highly elastic. Few local tax stations seem to maintain an absolutely fixed schedule of rates. The native merchant who is most thoroughly familiar with the secrets of the tax-gatherer's office and who can apply a bribe in such a way as to increase the elasticity of the schedule, thereby driving the better bargain, may obtain substantial advantages over his rivals. In that part of Manchuria controlled by Japan, both the Chinese and the foreign merchants carry on

trade under disadvantages to the Japanese because the latter often flatly refuse to pay any *likin* or other local tax whatever. They rely upon their own country's interpretation of her treaties with China; and their consuls, backed by the troops which the Japanese government keeps so prodigally scattered over that part of the Chinese Empire, are ever ready to support them in their defiance of the tax officials. In the past, merchants of other foreign nations have at times escaped payment of *likin* taxes when shipping goods inland by browbeating and overawing native tax officials. It has not been a very general practice, however, all foreigners as a rule complying with the native regulations and paying such taxes as are demanded, though usually in the form of transit dues, which, when paid at the port of entry on goods shipped inland, exempt such goods from the local *likin*. Native tax officials now stand in less awe of the foreigner and his governments; and, under the administration of Yuan-shi-kai, reforms in the tax system and tax administration have tended to eliminate some of the inequalities and the "squeeze" that formerly abounded.

Nearly all foreign goods destined for native consumption enter China through one of the great treaty ports, Shanghai, Tientsin, or Hankow, or they enter Canton by way of the British port of Hong-Kong. They are usually laid down for the account of agents, although some foreign manufacturers handle their goods direct, through their own organization. It is customary for an agency to obtain exclusive control for the territories covered not only by China proper, but for Hong-Kong, Manchuria, the Liao-tung Peninsula, and Vladivostok as well. It is also usual for the agent to bind himself not to enter into agreements with third parties for the handling of similar goods within the prescribed area. An agent sometimes handles single lines of articles, but more often he obtains agencies for several lines of non-competing goods, such as typewriters, scales, toilet waters, fire extinguishers, etc. When the manufacturer imports directly, a single line only is handled, such as soaps, candles, cigarettes, etc. If the goods imported are consumed by the native population, the foreign agent does not deal directly with the retail trade but usually through the medium of *compradores* and the native wholesale trade. The largest importing firms, especially manufacturers that import without the intermediary of an agent, may in part dispense with the services of the *compradore*, or native go-between, and deal with the wholesale trade direct.

This native wholesale trade is an all-important factor in obtaining a market for foreign goods, and of necessity stands in very close relation to the foreign agent. The usual method in the past was for the latter to sell his goods to the native dealer on order for future delivery. The price agreed upon was fixed by the gold standard of the exporting country and took into consideration the fluctuating rate of exchange. At the time of purchase the silver equivalent of the gold price might be one figure, and it might be an altogether different figure at time of delivery and payment. The fluctuating rate of exchange caused speculation to go hand in hand with legitimate trade. Oftentimes the purchase of goods became a mere gamble. This was especially true of the so-called indent business. Under its terms the foreign agent agreed to deliver, when called for, any part of an order previously placed, the native trader agreeing to remove the entire purchase, however, within a stipulated period. The foreign agent ordered the goods and held them subject to withdrawal by the native merchant at his leisure. The native dealer paid storage and interest and insurance on the goods during the time that they were in the agent's possession. Goods were withdrawn only against the payment of cash. The native dealer now really gambled on exchange. If he thought that the rate of exchange would go lower in the near future, he held off drawing from the consignment until such time as he thought it had fallen sufficiently. If he looked for a higher rate of exchange he might draw his entire consignment at once. If there were rapid fluctuations in the rate of exchange, legitimate trade became a secondary consideration and speculation occupied the entire attention of the trader. During the period following the Revolution of 1911, such speculation had a very disastrous effect upon trade. Exchange fell very rapidly during this period and traders held off, hoping for a more favorable rate. However, the rate continued to fall until many at the end of their indent period were unable to meet their obligations and hundreds of large consignments were left on the agent's hands. Such goods had to be disposed of ultimately at a large loss. Since the indent tended toward subordinating legitimate trade to speculation, it is now looked upon with little favor by the foreign trader who is anxious to develop and increase his trade.

The first important step taken by aggressive foreign traders was the fixing of the price of goods in terms of the native currency and without the stipulation that payment be made in terms

of the gold standard. This removed the speculative feature from trading. Under the indent, moreover, the agent had no control over distribution, always an important factor where a large extension of trade is desired. It was, then, a second step forward when the more progressive foreign traders assumed control over the avenues of distribution. The most successful method followed has been to give groups of native merchants the exclusive right to obtain and to sell at wholesale the goods which the foreign agency controls. The members of the group agree not to handle competing goods within, nor the agent's goods outside, a specified sales territory. The latter part of the agreement, if carried out, of course prevents one group from competing with another group. Credit being as yet a practically unknown factor in China, so far as the dealings of native and foreigner go, the financially able members of the group usually are permitted to carry a certain amount of goods in stock so as to supply the needs of other members of the group (though in treaty ports merchants may draw directly from the stock carried by foreign firms). Before stock is deposited with native merchants, they must pay in a sufficient amount of cash. Sometimes they make an advance deposit of a specified sum, which deposit they must keep at a fixed figure and which permits them to have at all times a certain amount of goods in stock. The other members of the group draw from this stock as needed, but only against the payment of cash. In this way delay is avoided in getting the goods to interior points. Native merchants located in treaty ports, and therefore partly under foreign jurisdiction, may furnish in lieu of cash deposit a well-secured local bond as a part guaranty for stock advanced. Goods delivered are usually paid for at list price and all rebates, discounts, and commissions allowed are paid back later, thus furnishing foreign firms with an effective lever by means of which they can hold native dealers to the terms of their agreements.

The contract between the foreign manufacturer and his agent, as already stated, provides restrictions with regard to handling competitive goods. Other terms of the contract deal with the amount of stock to be carried to meet trade requirements, the providing of facilities of transport, the safe keeping of stock, the payment of freight, cartage, lighterage, duty, transit dues, *likin*, *octroi*, insurance, pilferage in transit, cost of storage and exchange. Some arrangement is usually made as to participation by manufacturer and agent in the cost of bill posting and other

advertising schemes. The agent as a rule does business in the name of the manufacturer, who fixes the selling price, terms and conditions of sale, and, generally, retains control of the trade in the goods. The arrangements between agent and native sales group are of a similar nature. The sales from "godown" stock are in the name of the foreign agent, for whose account all sales are made. It is necessary, in a country like China that has a constantly fluctuating rate of exchange not only between gold and silver but also in the ratio of the various kinds of currencies in circulation within the country, to keep posted on local exchange rates. This is an important factor in remittances from the interior. The members of the native selling group perform this function, keeping the foreign firm informed. The agent passes the information on to his principal.

The restrictive form of contract between manufacturer and agent arises out of the condition that the former retains full control of his goods so long as they are not settled for in full. Deliveries to the agent are always made before settlement. The control which the agent or manufacturer retains after the goods have passed to the hands of the native wholesale dealer rests on a different and more arbitrary basis, because the goods are paid for before they are delivered. Here the basis for control is justified entirely on grounds of experience. Experience has shown the agent or manufacturer that when control is retained over the goods, and through the goods of the wholesale traders, much more satisfactory results as to selling, price control, and profits are obtainable than when control ceases after delivery of the goods to the distributing member of the group. The reason for this is evident. The native merchant must be assured a fair income if he is to take special interest in promoting sales. When the merchant handles other competitive goods, or when too many deal in the same goods and there is too much competition, selling profits are reduced to a very small margin and the stimulus to concentrated activity is lost. Through the lack of this stimulating influence the entire native demand for the goods may be destroyed. Experience has shown that native merchants, under unrestricted competition and left to their own resources in handling any foreign goods, are as a rule unsuccessful.

None realize this more readily than do the native merchants themselves, and they readily seek agreements with foreign agents for exclusive and restricted handling of contract goods. The

merchant nearly always, in fact, prefers to be a member of a group of wholesale merchants handling exclusively some commodity rather than to remain independent and handle such goods as may be sold without restrictions. The individual members of a wholesale selling group, although primarily having separate and distinct dealings with the foreign firm whose merchandise they handle, are, nevertheless, almost invariably drawn into a close form of association among themselves which assumes control of all the activities of the group. In its relation to a foreign firm a group not infrequently participates on a share basis, distributing the total profits of the group according to the number of shares held by each member. The number of shares issued to each is likely to depend more upon standing in the community, upon family ties, or upon local influence than upon the relative amount of sales. The oldest member, being most respected, may hold the largest number of shares although actually he may have the smallest number of sales. The foreign firm usually does not interfere with the internal organization so long as the membership is not too large to be manageable or too small to be effective, and so long as the association serves the firm's purposes satisfactorily.

It has already been stated that a rather close control over the members of such a selling group is deemed a necessity in order to obtain best results. The control of the association as a whole serves even more useful purposes. While the individual members may agree that they will abstain from price cutting, there is, nevertheless, always great temptation for some individual to break away and to sell secretly to the retail trade at less than schedule price. With pooled profits, the greatest incentive to price cutting, namely, increased individual profits to the particular merchant indulging in it for the purpose of increasing his sales, is removed. The members of an organization have an incentive to watch each other jealously because price cutting by any individual may reduce the profits of all and threaten disruption of the organization. A more difficult matter to control than price cutting within is the violation of the agreement by going outside the territory of an organization and there cutting prices. The invading of another territory and making sales therein on a lower margin of profit may add considerably to the profits of all the members of the group, although the other group may suffer correspondingly. The separate groups in the different territories are independent of each other and in spite of agreements may invade each other's

domains. Such cases must be taken up by the foreign manufacturer or agent; and rather arbitrary measures are sometimes resorted to for stopping the practice.

The most effective preventive means adopted against competition of this nature is to fix the "laid down cost" of the goods, including transportation, *likin*, insurance, etc., at the different points in such manner that no one territory has a differential advantage over the other, and to adjust the margin of profit for each territory at such a point that the added cost of transportation, *likin*, and exchange from one territory to another reduces to a minimum the temptation to infringe on one another. This can usually be accomplished to a fair degree of satisfaction; but, where the two territories adjoin, the differentials are practically equal and encroachment is frequent. In some lines of merchandising, trade guilds may exert their influence and prevent the encroachment of one group of merchants upon the legitimate sphere of another. Also, China is a country full of local antipathies, and this in some instances acts as a check to the practice. In general, however, the only effective check is the restraining influence of the foreign manufacturer or agent through his control of discounts, rebates, and stock.

Group organization is a very distinct trait among Chinese traders. The country is permeated with all kinds of associations. To a marked extent a given selling organization will be made up of members from the same part of the country. In Shanghai, the members may all be local or from Canton, etc.; at Ningpo, from Shanghai; and at Nanking, from Ningpo. The native employees of a business in the treaty ports may all come from the same village, and through the influence which a local *compradore* can exert the source of supply will not change for many years. The passion for combining or pooling interests leads to rather unexpected results sometimes. A Shanghai merchant, recently, wishing to stimulate individual salesmanship among his native employees, promised a bonus based on quantity of sales, the clerk making the largest number of sales to be awarded each week a very substantial portion of the total bonus. His surprise can be imagined, when, shortly after the bonus scheme had gone into effect, the sales clerks came to him in a body to inform him that they had decided to pool the entire bonus and to distribute it equally among themselves.

Although China is, in many respects, one of the freest competi-

tive markets in all the world, its five per cent ad valorem tariff being low enough to offer no effective barrier to the entry of all classes of goods from foreign countries, it is, from the point of view of actually reaching the consumer, the most inaccessible to a foreigner. No foreign manufacturer or agent can expect to find a large outlet for his goods without the coöperation and assistance of the native wholesale and retail trade. If the way is barred in any line by the exclusive sales contract, price regulations, or limitations of sales already established by powerful firms, it is indeed doubly difficult to find an outlet.

The control which a native selling organization can exert over the avenues of distribution is, of course, most complete in those lines in which a single foreign manufacturer or agent has a very large proportion of the total business. In a number of instances, pioneer traders in the Chinese market have so firmly established themselves in certain lines with their trademarks and popular brands that they have been able to hold their own against all later competitors. Trademarks and brands thus controlled have been the basis for more or less effective monopolies in soaps, oils, patent medicines, candles, cigarettes, sewing machines, opium, and certain brands of piece goods. In other instances the mere popularity of the trademark or brand name has not been sufficient to prevent effective competition, but needed to be combined with a liberal use of the pressure which a well-controlled native selling organization can exert. The strict enforcement of the usual binding clause that no competitive goods be handled by the members of an organization, and the influence that it can bring to bear on the retail merchants and hawkers, and which can prevent them from attempting to sell rival goods, is a pressure of no mean effectiveness, and against which few newer or weaker firms are able to succeed. The substantial benefits which a native selling organization can obtain from a concern that already controls the market in any line are usually greater than those to be obtained from a new concern with no control, no matter how liberal the terms that it offers. Moreover, the retailer or hawker finds it to his advantage to follow the lead of the members of the association. To them, more than likely, he is bound by advances of goods or other favors. The control that some concerns enjoy in China today is based on this power that selling organizations can exert and which every one is free to use, under a governmental policy of non-interference, but which only the more powerful con-

cerns who already control the market can effectively employ. Not only the powers of the selling organization over the retail trade are used, but also the effective methods of local price cutting, of discrediting other's goods by inferior or cheaper imitations, or of disrupting through bribery a competitor's selling organizations. Even foreign governments do not hesitate to make use of their official representatives in China for purposes of reserving some coveted order for their own nationals. It is a well-known fact that bids on contracts for railway supplies, etc., issued by the Chinese government or private railways, have been so worded through the diplomatic pressure, that practically only one nation and virtually only one firm out of many could meet the particular specifications.

To an American it may seem incomprehensible that the Chinese public should be entirely indifferent to business practices which in most other countries are considered detrimental to public welfare. One reason for this indifference is that the monopolistic control exerted by the foreigner is over classes of goods that are not immediate necessities. The great staple foods of the country, such as rice, millet, wheat, meats, are not traded in or controlled by foreigners, and the country as a whole is still living so close to the soil everywhere that any attempt at more than a local native monopoly in these staples is entirely out of the question. Nor has monopolistic control, in the past at least, been synonymous with excessively high prices and profits. The careful economy of the Chinese, the conditions of selling in a country that is still living under a silver and copper currency and where prices for all native products are very low compared with corresponding products in the United States and elsewhere, make it utterly impossible to secure very high prices for articles of foreign manufacture, if sales are to reach any considerable proportion of the people. Their purchases are made in the very minute fractional coin, the copper cash, about thirty-five hundred to five thousand of which are equal to one American dollar. This coinage permits of a closer and more exact measurement of value and of service than do the larger units of the American or English coinage. The practice of establishing fixed round prices such as five, ten, or twenty cents, or multiples thereof on proprietary articles has no root in China because the value of the medium of exchange is constantly fluctuating. Prices and profits are measured on a much closer marginal basis in the retail market than permanent round prices permit. Finally, the fact that for most foreign goods there

are native substitutes, as, for instance, native oils for candles, native for foreign tobacco, and that if China has no substitute Japan certainly has and will be found knocking at the door with it, makes it necessary to offer foreign goods, if to be sold on an extensive scale, at a reasonable price. Therefore, so long as they do not feel the pressure of monopoly on necessities, and so long as prices are not excessive, the Chinese are likely to be indifferent as to whether this or that foreign company or whether one or a dozen foreign companies supply the market. There is, moreover, a strong feeling among the Chinese that if they once begin to manufacture on an extensive scale no foreign goods will be able to compete.

China has as yet no trademark and copyright law. Any foreign article can be and usually is imitated and sold as the original. The copying of a popular brand name or trademark is not a crime and therefore goes unpunished. Any monopolized commodity which can be produced at a large margin of profit in China is certain to be imitated and sold as the original by both the Chinese and the Japanese. This is in itself a check against excessive monopolistic profits. In general it may be said that in China monopolistic control of certain commodities has not as yet been detrimental to the consuming public. Demand in China unerringly gravitates toward those goods that offer the most value for the least expenditure; and most concerns having any degree of monopolistic control have obtained it and hold it primarily because they offer better values than would-be competitors. Market control and control of selling organizations is desired and maintained by monopolistic concerns as a means for keeping competitors from getting a footing in their own line rather than in the hope of obtaining excessive profits.

The monopolistic control of opium by foreign merchants in the treaty ports is an exceptional instance of monopolistic control and high monopolistic prices and profits. The limitation of imports into these ports preparatory to closing them to the opium traffic, in accordance with agreements with foreign governments, has given a limited number of merchants control over the entire available supply, except what is smuggled in. Under these conditions the price of opium both at wholesale and retail has enormously increased in recent years, and those few who control the drug are reaping excessive profits. The position of these merchants is made even more secure by the fact that the Chinese government has

effectively suppressed the cultivation of the opium poppy and no native supply is therefore available for those treaty ports where the licensed sale is still permitted. In the Shanghai concessions there are six hundred licensed retail venders who must obtain their supply from the few wholesale merchants that control it.

A recent and rather interesting development of the competitive struggle in China is an agreement between two large concerns, which practically control the trade in a certain line, for the purpose of so regulating their sales that each will retain an agreed upon proportion of the total. At frequent conferences sales are compared; and, if in any territory the sales of one company exceed this proportion, measures are to be taken to counteract this tendency. The agreement also seeks to retain for each company a similar relative amount of high grade and low grade sales. The higher grade and higher priced sales are more profitable than the lower priced or so-called fighting lines. That neither concern may suffer unduly by a disproportionate share of such low priced sales, steps are taken to adjust sales by price regulations and control of advertising, the latter being a very important factor in the sale of higher priced goods. By this mutual understanding, the unnecessary economic waste in competition due to the forcing of sales of very low priced and unprofitable brands is to be avoided. Moreover, in many places two separate selling organizations are not necessary and by agreement these can be eliminated or their membership reduced. Also, the two concerns together are better able to withstand the powerful competition that is offered by a third concern long established in the markets of China in other lines but which is only just entering the same field with these two concerns.

A unique feature of trade organization in China is the presence in the local market of the Japanese government tobacco monopoly. The monopoly has long been present in the markets of China; it has several factories in the country and is supplying some of the northern markets from Korea. It is apparently using a part of the monopoly profits accruing outside of China in an endeavor to get a controlling position in the Chinese market. A large foreign concern, which has long had a good proportion of the total tobacco trade of the country and which is coming more directly in touch with the Japanese attempt to get a footing in China, in meeting this competition, has the advantage of control of long-established brands and of a superior selling organization. The

government monopoly, on the other hand, enjoys preferential rates on Japanese controlled railway and steamship lines and the advantage of escaping from *likin* taxation already referred to. Competition between these two groups is rather peculiar in that each is fighting with weapons which are wanting to the other.

The Japanese in China are clever and persistent trade rivals and their entry into practically all the avenues of trade may ultimately change entirely the present trade organization. They are persistent and do not hesitate to use any popular foreign trademark or brand name on their own production and to sell it as the original. More than that, labor in Japan is very cheap but efficient. Almost any article of foreign manufacture sold in China can be produced in Japan at less cost. And the Japanese merchants have decided advantages in selling. They can use their own salesmen who as a rule speak Chinese fluently, an accomplishment that as yet few Americans have. Their similarity in dress and general appearance and standard of living brings them into direct touch with the trade. Other foreigners must depend on their native selling groups. The Japanese competition is one of price cutting to the point where foreign dealers can not follow with foreign-made goods. Even those foreign groups that heretofore have enjoyed more or less effective trade control in their respective lines are being forced by the success of their rivals to make use of the equally low priced and equally efficient native Chinese labor in the manufacture of goods that can compete on an equally low cost plane. Already foreign firms have begun the manufacture in China of low priced cotton goods, candles, soaps, cigarettes, and other products. They are not intended to supplant goods of other foreign manufacture nor have they done so.

It is evident that trade control in China is as yet largely a matter of foreign interest and of foreign commercial policy. When the country develops industrially, however, the native merchant class will undoubtedly claim a more important position in trade control than it does today. As the central government becomes stronger it will probably seek to readjust the trade organization of the present in favor of the native merchant class. Tendencies in that direction are already evident—the attempt to take over all railroads and to nationalize them; the efforts to establish oil and tobacco monopolies under private management; and the proposition, under discussion by high officials, of establishing large cotton mills: these show the tendency of public thought. It will

not be an easy task, however, that the government sets itself when it attempts to change the present status. The treaty ports, in which the commercial activities of the country center, are all but under foreign control; and a curtailment of the privileges which the foreign trader has up to the present enjoyed will not be easily accomplished. No foreign country will readily relinquish any rights and privileges that its merchant class has heretofore claimed.

ALBERT C. MUNSE.

WAGE THEORIES IN INDUSTRIAL ARBITRATION

Labor disputes in modern industry may be divided generally into those which involve wages and those which involve a principle. A principle can not be arbitrated. If it is arbitrated it ceases to be a principle. To submit it is to surrender it. There is therefore a distinct category of industrial disturbances that are not susceptible of adjustment by any method which denies to the disputants the direct participation in the settlement. But the great group of labor differences, in which principle is not involved, may be adjusted, when other peaceful means fail, through intervention of a third party. The principle of industrial arbitration is an assumption that all disputes involving wages are capable of adjustment if undertaken in proper time. The meager experience of the United States and the broader experience of other countries have promised to find in the intervention of an arbitrator clothed with definite powers of adjudication a vigorous aid to the maintenance of industrial peace. The distinctive principle of arbitration which in the practice of a quarter of a century ago was an experimental social novelty has received, in some form, almost world-wide acceptance. And the day is far from prospering the culture of the methods of peace.

A judgment of the validity of the wage theories underlying the methods of industrial arbitration must reflect one's conception of the place of the individual man in the scheme of economics. Is the man himself the end of economic activity or a means to the end, a factor of production? The first concept incorporates the idea of social welfare; the second involves a doctrine of individual self-interest: Let survive him who can. The theoretical defenses of industrial arbitration, as I propose to review them, have been usually in terms of social welfare or of public policy. In the scientific criticisms there has been evident, on the other hand, an essentially individualistic, competitive conception—one which speaks not the language of general immediate social interest but rather that of the competing entrepreneur to whom wages are only an item of cost, to whom labor appears more or less impersonal. Of this general distinction, which is by no means without exception, there is ample evidence in arbitration precedents.

The two ideals of distributive justice, one social, the other

individual, have not always—or even, perhaps, usually—coincided. The aim of this paper is to suggest a judgment of the validity of wage theories in arbitration as a part of a unified *theory of distribution*. To this end it is well to examine the actual precedents as they are to be found in the different industrial communities. It is necessary therefore, for science, to consider wages as the individual enterpriser in the business world views them. But whether or not a strictly economic justification for wage arbitration can be found is not finally indicative of its proper place in the scheme of modern social legislation. Ulterior social considerations may and often do, in a dynamic economy, far outweigh those that are purely economic. When the fundamental conditions of economic life are in rapid and continuous flux, ideal schemes must sometimes be held in abeyance in favor of immediate remedial expedients.

To the term "industrial arbitration," unfortunately, no uniform meaning is attached. Generically it denotes the intervention of a third party to aid in the settlement of disputes between employers and employees. In this sense it includes mediation of whatever kind, conciliation and arbitration in the narrower and now the most generally accepted sense, in which it is used in this paper: namely, the determination of an industrial dispute by a third party independent of direct participation by the immediate disputants. Mediation and conciliation are merely refined methods of collective bargaining.

Moreover, arbitration may be voluntary or compulsory. Both the reference of the dispute to an arbitrator and the acquiescence in the terms of his award may be voluntary; or the reference may be voluntary and the award compulsory; or both the reference and the award may be compulsory. It is only arbitration providing for decree binding upon the disputants with which we are concerned. Arbitration with voluntary award is a whim. An award unsatisfactory to either party becomes binding upon neither.

Sidney and Beatrice Webb say: "The essential feature of arbitration as a means of determining the conditions of employment is that the decision is not the will of either party, nor the outcome of negotiations between them, but the fiat of an umpire or arbitrator."¹ To some the statement will not be acceptable

¹ *Industrial Democracy*, vol. I, p. 222.

that conciliation is simply the collective bargain in a more polite and usually a more effective form. Many competent critics, moreover, see in the processes of intermediation the promise of the ultimate future maintenance of industrial peace. To some, indeed, the implication that agreement between the owner of the instruments of production and the organized group of laborers seeking employment will continue to be by "higgling" or by the "long jaw" is even offensive. These latter terms have not had a connotation uniformly synonymous with peace in industrial relations. Whatever be our sentimental attachment to words, it is nevertheless obvious that the fundamental distinction between the judicial types of industrial settlements is the distinction between collective bargaining on the one hand and the complete substitution of collective bargaining on the other hand. Conciliation means peaceful mediation with the power of ultimate settlement residing still with the two parties to the issue. Arbitration is inconsistent with bargaining: the power of settlement resides in the third party; the terms must be obligatory upon the disputants. Fundamentally, the distinction is not between conciliation and arbitration but between bargaining and adjudication.

It is not my purpose to estimate the relative efficacy of each of the judicial methods of industrial peace. From the standpoint of social policy, conciliation is a convenient and often a very effective means of securing a meeting between a supercilious, often relentlessly independent employer, and the willing representatives of a union of employees; or between the representatives of a clamorous and often vindictive and unreasonable union and a willing employer. But all this has to do only with the way in which the machinery of collective bargaining is set in motion. There is implied no distinct wage theory. Not so in the case of arbitration. There the customary methods of wage determination are abolished. The essential characteristic is the binding award rendered² not by the immediate parties but by a supposedly impartial third party.

The word arbitration makes an initial sentimental appeal. It speaks the language of distributive justice; it calls for the acme of fairness between men. But practically it is doubtful

² Until within approximately the past 25 years the principle of arbitration compulsory by law was practically unknown. Its most elaborate trial has been in Australasia, the modern laboratory of democratic social experimentation.

whether the arbitrator of an industrial dispute can convince even himself of what is justice in any particular case. Equity is un-luckily not self-determining. With how much the more difficulty will he satisfy the rival claimants! In the historical development of arbitration practice no criterion of justice has been generally accepted other than the vague admission that the award must not be "contrary to public welfare."³ The perplexity of an experienced, fair-minded arbitrator is illustrated in Judge Ellison's determination of a wage dispute in the Yorkshire Coalminers' case in 1879:⁴

It is for [the employers' advocate] to put the men's wages as high as he can. It is for [the men's advocate] to put them as low as he can. And when you have done that it is for me to deal with the question as well as I can. But on what principle I have to deal with it I have not the slightest idea. There is no principle of law involved in it. There is no principle of political economy in it. Both masters and men are arguing and standing upon what is completely within their rights. The master is not bound to employ labor except at a price which he thinks will pay him. The man is not bound to work for wages that won't subsist him and his family sufficiently, and so forth. So that you are both within your rights. . . .

The rapid development of trade unionism during the period from the forties to the seventies, especially in Great Britain, and the formation of employers' associations to combat the rising tide, early resulted in the development of irregular negotiations administered largely through strikes. In many industries were instituted so-called arbitration proceedings such as that cited in the above illustration. But for many years much of the arbitration was concerned with voluntary award, essentially resembling conciliation. Where arbitration practice prevailed no formula or consistent theory of wages was ever recognized to guide the determination. In the Northumberland Coalminers' Arbitration case, for example, in 1875, the operators demanded a 20 per cent reduction in wages. Their plea was based on the rapid decline in coal prices since 1871, evidenced by "impartial" data drawn from the operators' accounts. Despite the fact that the period before the year 1871 had been one of rapidly rising prices and that wages always tend to lag behind prices during such a period, the employers claimed that their profits for that year (1871) were "fair" and "normal." To this the miners

³ Webb, *op. cit.*, vol. I, p. 229.

⁴ *Report of the South Yorkshire Collieries Arbitration*, p. 49.

objected. They asserted that the policy declared by the operators would force the employees to shoulder all the consequences of an adverse market. They denied that the profits in 1871 were normal and challenged the operators' main contention that the prices of coal must fluctuate "in exactly the same ratio as wages in order that the profits of coal owners may remain the same."⁵

The arbitrator in his decree in this case discarded all the principles advocated before him and made the award on a wage-fund basis, a curious promiscuity of principles supposed to govern wages. He found that wages had increased since 1871; that prices had fallen. A reduction of wages of from 10 to 12½ per cent was awarded, but not because the current of prices was failing to keep abreast of the increase in wages. The arbitrator found that the number of men in the industry had increased. Where there were now fourteen men there had been formerly but ten. From the "total wages fund" he found therefore that each man could expect only one fourteenth instead of one tenth. The award concluded:⁶ "The restoration of economy in production cannot be brought about by abating the rate of wages only, or indeed mainly, but must be accomplished by reducing the number of men."

During the next twenty years the emphasis shifted to the principle of the sliding scale: that wages should be determined by prices. The settlement of the proper basis and the administrative details of such a scheme occasioned in many industries frequent resort to arbitration. The inherent tardiness with which wages followed prices was a constant source of aggravation to employees during periods of rising prices and to employers during periods of stagnation or of depression.⁷ The great stimulus to industrial arbitration and the extension of the method of compulsory award have come, however, during the last generation, from the advocacy of the "living" or minimum wage as a first charge upon all industry. The unionist promulgators of this doctrine in England, in America, and in the British possessions, prompted by ideals of general social welfare tempered some-

⁵ *Miner's National Record*, vol. VII, pp. 108, 109; reprint.

⁶ *Ibid.*, p. 109; also *cf. seq.*

⁷ A. E. Suffern, *Conciliation and Arbitration in the Coal Industry of America*, pp. 278, 279.

what with class-consciousness, failed to take account of the economic principle that in the long run general wages are fixed by prices and not prices by wages. Yet the minimum wage, in so far as any such has existed, has been the guiding principle in much of the recent wage arbitration, especially in Australasia.

The indiscriminate way in which wage theories have been taken up and discarded is attested by the recent American arbitration, instituted in 1910 under the provisions of the Erdman act, between the Order of Railway Conductors and the Brotherhood of Railroad Trainmen as appellants and the Baltimore and Ohio Railroad as appellee. This action resulted in the well-known Clark-Morrissey award, the terms of which were subsequently extended to most of the railroads in the Eastern territory. The unions in this case, as also in the similar case three years later against all the Eastern railroads for a still further increase, demanded rates of pay equal to those paid in the Western territory. These were almost uniformly higher:

- (a) In the name of standardization (*i.e.*, to abolish the differential);
- (b) On account of increased cost of living;
- (c) On account of increased risk, labor, and responsibility;
- (d) On account of the increased productivity of the work of the train crew;
- (e) On the ground that the profits made by the railroads in recent years have increased out of proportion to wages.^a

The unions urged the abolition of the differential between the West and the East on the general grounds that "railroading *per se* is worth just as much in one part of the country as in another."^b A minor exception was recognized in the case of the Rocky Mountain territory.

The argument of the unions thus embraced a miscellany of wage theories: (a) a "cost of service" theory, involved in equal sacrifice; (b) a "standard of living" theory; (c) a conglomeration of "risk," "sacrifice," and "value" theory; (d) a "productivity" theory; and (e) an "opportunity" theory, on the ground that the fruits of prosperity should be distributed. The railroads contented themselves with contesting the claims of the unions. No new wage theories were added by them to the list. How much the arbitrators were impressed by the wage principles addressed to them is shown in the statement of the

^a Award, p. 11.

^b *Ibid.*, p. 11.

theory underlying the award that "the employee will be paid for all the service he renders, and the company will not pay for any service that it does not get."¹⁰ In the later award of 1913, involving the Eastern railroads, the arbitrators stated that, although they did not found their action entirely upon the increased cost of living, they regarded it as basic.¹¹

These instances are only illustrative of the non-success of arbitration precedents in establishing, after a generation's experience, uniform theoretical standards for the adjudication of wage controversies. Narrowly economic considerations have been confused in the presence of broadly social considerations, and public welfare with the class-conscious representations of employees and of employers.

The conditions which confront the industrial arbitrator are complex and often embarrassing. Finding no generalized precedents he is compelled to adopt such unsatisfactory rules of procedure as may seem suitable for the immediate case. He is furnished with conflicting data. Often none of the evidence is of disinterested origin. The arbitrator can not isolate the precise share of the value of the joint product that is imputable to labor, nor can he determine the value product specifically attributable to the capital. Of serious help he gets none from the socialist who tells him that labor *produces* the entire product. But little more is had from the economist who assures him that the laborer produces what he gets.

Failing to secure from these sources any workable criteria, he falls back upon the general principles of distributive justice. But even here the perplexities are scarcely diminished. The arbitrator must determine, for example, whether the industry can afford to pay the increased wages that are demanded. Clashing interests do not encourage agreement on such a question. What are "fair" wages? "fair" profits? Is the rate of profits, once it is determined, to be applied to the par value or to the market value of the securities or to some other base? Or may the arbitrator use his office to knock the water out of inflated corporate issues? Shall the basis of rate determination be the actual investment in the enterprise? or shall allowance be made for subsequent changes for example in the general price level? or the cost of reproduction of the plant? Is good-will

¹⁰ *The Clark-Morrissey Award*, p. 210.

¹¹ *Award*, p. 34.

entitled to profit? If so in what proportion? The capitalization of an elastic, intangible asset, such as good-will, can easily be construed (as it unfortunately too often is construed) into a social or ethical justification of the income itself from which this capitalization is derived. Against such a form of question-begging the arbitrator has often found difficulty in defending himself.

Even after these issues have been settled and the conflicting interests appeased the arbitrator finds that profits vary with the several firms. The award involves, therefore, the determination of the right and the expediency of maintaining in the field the least efficient producers, whom the compulsory payment of higher wages will drive out. Moreover, the arbitrator can not estimate the practicability of shifting the higher wages to consumers in the form of higher prices. As an impartial outsider, he does not know the business intimately. Even if he did know it he could not forecast results with assurance. The extent to which an increase in wages can be shifted depends upon the character of the product involved; the availability of substitutes, the elasticity of the demand for it, whether the initial price was or was not a monopoly price, and kindred considerations.

It is small wonder that the Anthracite Coal Commission, acting in 1902 at the instance of the vigorous and withal the doubtfully legal executive action of President Roosevelt, declined to listen to testimony concerning the ability of the several companies to pay the wages demanded. It could not have satisfied itself, nor the employers, nor the miners. The task of the commission was the restoration of industrial peace. To this task it addressed itself. Upon the companies devolved the responsibility of accommodating their business to the terms of the award. The settlement was, however, an avowed makeshift. The agreement was extended from 1912 for an additional four years expiring March 31, 1916.

This brief catalogue of some of the important issues shows how impracticable must be the judicial determination of an award or of a series of awards uniformly consistent with the principles of distributive justice. In practice, in most cases and in most countries, the umpire has abandoned the quest for a theoretically defensible decision. He often claims that he is confronted with a situation and not with a theory. Demands and counter-demands he finds; assertions and denials; complaints and defenses. These

are tangible. It is impossible for both parties to be right; nor can either be shown to be wrong. In actual wage arbitration practice in Australia, Europe, and America the most widely used formula has been, "split the difference." That this is so is the familiar impatient criticism thrust at the Erdman act in the United States. This eclectic process meets with inevitable disapprobation from one side or from both. It has been the frequent cause of public ridicule of the judicial methods of industrial peace. In doing substantial justice to both parties the arbitrator does strict justice to neither.¹²

As an instrument for the distribution of the social income, arbitration has few consistent theoretical defenses. Yet practically all important awards have involved directly a wage theory of some sort which can be isolated. Mr. Justice Higgins, the president of the Australian Arbitration Court, in deciding the mine workers' dispute in 1908 elaborately discussed the grounds for the award of increased wages.¹³

Now, the first condition in the settlement of this industrial dispute as to wages is that, at the very least, a living wage should be secured to the employees. I can not conceive of any such industrial dispute as this being settled effectively which fails to secure to the labourer enough wherewith to renew his strength and to maintain his home from day to day. He will dispute, he must dispute, until he gets this minimum. . . . Nor do I see any reason yet for modifying my view of a living wage as expressed in the Harvester Case (2 Comm. Arb. Rep.) and in the Marine Cooks' Case (2 Comm. Arb. Rep.). In finding the living wage I look, therefore, to find what money is necessary to satisfy the normal needs of the average employee regarded as a human being in a civilized community.

To this theory of the "living wage" based on the prevailing standard of living, the Australian court has tenaciously held. Asserting that the requirement is primary of a wage sufficient "for the healthy subsistence of an average family," the court in the Barrier Miners' case continued:

First of all, is an employer who is poor to be ordered to pay as high wages as the employer who is rich? Now, without laying down a rule absolute and unconditional under all circumstances, I strongly hold the view that, unless the circumstances are very ex-

¹² Because of general dissatisfaction with this unscientific method of splitting differences, England has attempted to require in a large category of disputes a Yes or a No, as in the courts of law, with no attempt to palliate both sides.

¹³ *The Barrier Branch of the Miners' Association Case*, 1908, p. 13.

ceptional, the needy employer should, under an award, pay at the same rate as his richer rival. It would not otherwise be possible to prevent the sweating of employees, the growth of parasitic enterprises, the spread of industrial unrest—unrest which it is the function of this Court to allay. If a man cannot maintain his enterprise without cutting down the wages which are proper to be paid to his employees—at all events, the wages which are essential to their living—it would be better that he should abandon the enterprise.

Mr. Justice Gordon, in the *Brushmakers' case* in Adelaide, said: "If any particular industry cannot keep going and pay its employees at least 7s. a day of eight hours, it must shut up." In the *Collie Miners' case* Mr. Justice Burnside refused the application of the employers that the minimum wage be lowered: "If the industry cannot pay that price it had better stop, and let some other industry absorb the workers."¹⁴

Again Mr. Justice Higgins defined the positive significance of the living wage theories in arbitration: "It is necessary to keep this living wage as a thing sacrosanct, beyond the reach of bargaining. But when the skilled worker has once been secured a living wage, he has attained nearly to a fair contractual level with the employer, and, with caution, bargaining may be allowed to operate."¹⁵

These excerpts represent the recent attitude of the important Commonwealth Arbitration Court of Australia. Its jurisdiction under the act of 1904 extends to the determination of wages, but only in those cases in which interstate interests are involved.

The act providing for compulsory arbitration in New South Wales was passed in 1901. It was copied from the New Zealand law and its primary purpose was to stop strikes. In a letter to the special labor commissioner of the state of California, Mr. Justice Hayden of the Arbitration Court seriously questioned the wisdom of any compulsory substitute of collective bargaining:

If there are weak classes to be imposed upon . . . and to whom it is in the highest degree just that a fair living wage should be awarded, there are also strong unions able, without the assistance of any tribunal, to win for themselves wages which rise as far above a fair living wage as those of the sweated classes fall below it. To take away from those men the weapon of the strike, and to impose upon them the compulsion of a peaceful award is to enter at once upon difficulties of the gravest character.¹⁶

¹⁴ 6 W. A. Arb. Rep. 84, pp. 17, 18.

¹⁵ *Ibid.*, pp. 18, 19.

¹⁶ *Fourth Annual Report of Special Commissioner of Labor of the State of California*, pp. 3, 4.

Whatever may have been the result in levelling down high wages, there can be no doubt that the levelling up of low wages in New South Wales has been even more apparent. In 1909, one year after the passage of the Industrial Disputes act, which, by the erection of "industrial boards" to determine the conditions of employment in specified industries, reinforced the terms of the Compulsory Arbitration act of 1901, the director of labor reported:

The opinion is fast gaining ground in industrial circles that greater benefits are likely to accrue from the operation of the Act than could be expected from the methods of strikes. Strikes are rarely successful in obtaining all that is demanded, settlements being usually in the nature of a compromise. . . . Nor is this all. There are many of the smaller and less compact industries in which the operatives could hope for nothing whatever from a strike. . . . But under the Act they are in as good a position, and have equal opportunities with the largest and strongest Trades Unions.¹⁷

Apparently arbitration has here had the effect essentially of increasing the bargaining power of the weaker unions in the presentation of their claims to the court. The institution in 1908 of the industrial boards gave extended jurisdiction over industrial conditions even before actual disputes had arisen.

It is interesting to note that the Department of Labour of New South Wales has found many more embarrassing complexities arising out of its attempts to secure standardization of wages in an industry than have been admitted by the Commonwealth Arbitration Court of Australia, cited above.¹⁸ The industrial conditions antecedent to the passage of the Compulsory Arbitration act of 1908¹⁹ are described in the report for 1908-1909 of the Minister of Labour of New Zealand, in paraphrase:

¹⁷ See *Report of Director of Labour to the Minister of Public Works of New South Wales*, 1909, pp. 2 ff.

¹⁸ E.g., Mr. Justice Higgins, in the miners' case referred to above, said: "It is not difficult to see the danger to industrial peace involved, when workmen performing the same work, with the same skill, in the same city, are not receiving the same remuneration. So that when the . . . Company ask me to fix by my award wages lower than are proper for the industry as a whole, and adduces as its reason the fact that its mine is now poor, and is becoming poorer, I cannot discern either justice or expediency in the request" (6 W. A. Arb. Rep. 84, pp. 18, 19).

¹⁹ Voluntary arbitration had been introduced into New South Wales in 1896. Its total inadequacy led to the adoption in 1901 of the compulsory principle in an act due to expire by limitation on June 30, 1908. In 1908

Without question the arbitration act had excited disfavor. Even discounting the expressions of disapproval of chronic industrial malcontents the act was disagreeable to the great solid silent body of laborers. The executive practice of granting permits to work below the legal minimum wage and of granting exceptions to the operation upon employers of the terms of the award, the desirability of restoring function to conciliation boards, of terminating awards where strikes against the awards had taken place, of authorizing the Court to decline to make an award—these and other influences necessitated a considerable change to conform the law to modern opinion.²⁰

The administrative privilege and the elasticity allowed under the old act of 1901 were the chief causes of its comparative failure. The extension in 1908 of the principle of compulsion,²¹ both as to reference and to award, to the determination of the conditions of employment in specified industries as well as to the determination of active disputes referred to it, has corrected many of the former inadequacies. The powers of the court and the range of their application have been much strengthened by the recent Industrial Arbitration act of 1912. The grounds for compulsion in New South Wales were plainly of a broad social and political character. Apparently no defense argued for the passage of the act indicated that its sponsors were concerned with or interested in its compatibility with consistent wage principles.

The initial guide in wage arbitration as practiced in Australasia has been the living wage to the industrially fit. This wage is held to be a prior lien on the income of industry. The courts have occasionally admitted that for the workers it constitutes only the starting point. The men demand the living wage *plus* as much more as they can secure. This is a relapse to a value basis after all. The second principle is practicability: the wages bill must not be more than the industry can permanently absorb.²²

was passed the Industrial Disputes act. Victoria inaugurated the wage board system in 1896; followed by South Australia in 1900; Queensland in 1908; Tasmania in 1910. Compulsory arbitration was adopted in 1902 by Western Australia and in 1904 by the Commonwealth of Australia.

²⁰ Pp. 2, 3, *et seq.*

²¹ It is to be noted that even this compulsory arbitration act permits under very strict supervision, the payment of less than the legal minimum to old men and to incompetents because these are not "worth" the minimum to the employer. The value theory of wages is here finally lugged in at the back door.

²² The practice of New Zealand has not evidenced so clearly as has that of the Commonwealth Court of Australia the principle of submerging the

Third, the workers usually demand much more than they expect to get. The resulting practice is the compromise, to which attention has already been directed. Fourth, the minimum wage established by arbitration tends to become the standard wage.²³ The economic theory of compulsory arbitration as abstracted from the New Zealand precedents has been ably reviewed by Le Rossignol.²⁴ As applied to the discussion of wages, the principles there defined may be framed in the following paraphrase: The competitive system and collective bargaining have resulted in low wages, sweating, and strikes. Under the sweating system the worker receives less than a decent living wage. By the method of the strike, force prevails over justice. Strikes and other forms of industrial warfare discommode the public. Such industrial methods should be eliminated by an impartial judicial determination. This has usually taken the form of a legal minimum wage.

But if the standard wage is attributed to the proficient worker, what provision is to be made for the superannuated or, more especially, for the relatively unemployable? Such are not "worth" so much to the entrepreneur. Can the principle of the value of service to the employer and the principle of a fixed legal minimum wage be reconciled? These considerations²⁵ lead to the circular reasoning with which industrial arbitration has been charged:

1. The living wage is relative to the economic position of the wage-earner.
2. The economic position of the wage-earner depends upon the wage which he has been receiving.
3. The wage which he has been receiving depends upon the value product attributed to the worker by the entrepreneur.

industry which cannot afford to pay "fair" wages. The latter looks to the elimination of this form of industrial parasitism.

²³ M. B. Hammond, "The Australian Experience with Wages Boards," in the *Survey*, Feb. 6, 1915, p. 12.

²⁴ "Compulsory Arbitration in New Zealand," in *Quarterly Journal of Economics*, vol. XXIV (1910), pp. 682, 683.

²⁵ Among other social considerations are: The living wage "fair" for a single man is insufficient for the married man. Is the state therefore to regulate marriage and the number of children? Or is the married man to have a higher wage than the single man? Then which one will "hunt" for a job when times become less prosperous? But the protection of which one is the more important socially? Cf. *ibid.*, pp. 684 ff.

The living wage theory, distinct from a value wage theory, thus defined and applied, is a begging of the question.

In venturing an estimate of the merits of compulsory arbitration it must be noted that our laboratory has been confined, in the main, to Australasia. Differences in industrial development between countries may be adequate to nullify conclusions drawn from so limited territory. The comment of the *London Morning Post* of September 20, 1911, is perhaps not wholly inappropriate or unwarranted:²⁶

In theory the idea of making arbitration compulsory, and depriving employers and employees of the right either to lock out or to strike is attractive to autocratic minds. . . . The enforcement of any such law upon large bodies of disgruntled workmen is absolutely impracticable. To draw any analogy between the tiny disturbances of a new country like New Zealand and the Titanic upheavals among the crowded millions of Britain's industrial workers is absurd.

Admitting, therefore, that its experience is not conclusive upon the other countries, the result²⁷ of the Australasian experiment with wage arbitration may be summed up: (1) The wages system has tended to rigidity. The direction of development has been from contract to status, or the exact reverse of Sir Henry Maine's juristic ideal of human progress. (2) The marginal, the most inefficient, entrepreneurs have obstructed wage increases. The New South Wales Court, unlike the Commonwealth Court of Australia, has usually made concessions to them. The unions, however, have urged the ostracism of such inefficiency as unfit for survival. (3) Wages during twelve years ending in 1907 increased 24 per cent; food prices during the same period increased 22.5 per cent. In only a few cases has an industry been unable to absorb its wages outlay as fixed by arbitration.²⁸ (4) Manufacturers are substantially agreed that compulsory arbitration has increased the costs of production. This can not, however, be accepted as conclusive, since the entire period under observation has been one of generally rising prices. Dr. Victor

²⁶ Quoted in Bulletin of the United States Bureau of Labor, No. 98 (Jan., 1912), pp. 177-178.

²⁷ Cf. Hammond, *op. cit.*, p. 18.

²⁸ This is the official claim of the colonial parliament of New Zealand: "We can only add our personal testimony to that given by every careful investigator into the circumstances of New Zealand, that there is so far no evidence of injury to its industrial prosperity." (*Industrial Democracy*, 1902, p. xlvii.)

S. Clark, formerly of the United States Bureau of Labor and a careful student of state experiments in Australasia, ventured the conservative opinion in this matter that "All regulations restricting the freedom of employers in conducting their business probably add to the cost of production."²⁹ A well-known arbitrator, since the passage of the compulsory law in 1894, stated that "with possibly one exception, industries have not been hampered by the provisions of the act."³⁰

It is a significant fact that wages in Australasia during much of the recent period of rapidly rising prices have increased, contrary to the general rule, as rapidly as, and during some years more rapidly than, the cost of living has increased. Of course this condition in the distribution of income has increased the workers' buying capacity in local markets; and so contributed to general high prices. These rising prices may yet prove to be a stumbling block. The farmers of New Zealand, for example, sell their goods in the foreign markets, competing with similar goods produced in other countries where the wages bill is relatively less heavy. What will be the effect upon arbitration awards, when the farmer finds the prices of his goods limited by foreign competition and himself nevertheless compelled to pay increasing prices at home, is problematical.³¹

It has been often intimated, as has been pointed out above, that ordinary arbitration precedents have been drawn from extraordinary industrial conditions, such as have existed in Australasia. In the main this is true. There have been numerous instances, however, which afford clue to the applicability of the principles of arbitration to American industrial society. A legitimate basis of comparison may be found in the "certain well-defined principles" governing the wages determination in the dispute in 1911 between the Western Coal Operators' Association and District No. 18 of the United Mine Workers of America:

1. A living wage is a necessity.
2. In mines operating under the same association and within

²⁹ *The Labor Movement in Australasia*, 1906, p. 233.

³⁰ Judge A. P. Backhouse in *Report of Royal Commission of Inquiry into the Working of Compulsory Conciliation and Arbitration Laws*, Sydney, N. S. W., 1901, p. 15.

³¹ Complaints of this character have been made in Australia and more recently in New Zealand. Cf. *Report of Victoria Commission on Operation of Factories and Shops Law of Victoria*, 1903, p. xxvi.

the jurisdiction of the same labor union, uniformity should prevail as far as possible.

3. In the same mining camp equalization of wages should be sought. After passing the limit of the living wage the financial standing of the company should be considered.³²

One of the serious flaws in the theory of wage arbitration is here in evidence. The fallacy is not as unusual one. It is proposed that there be equalization of pay. In the long run this can be achieved only by means of an equalization of effort. Practice—and there are many instances of this, for example, in recent New England industrial history—has indicated that such a policy involves a process of levelling down of skill. To so dangerous a program even the ardent arbitration enthusiast must hesitate to lend his assent.

The fundamental general principle underlying industrial wage arbitration has been that of the living wage. Grounded in social policy, the living wage, usually in the form of a legal minimum wage, has found its strongest support among the wage-workers. Primarily interested in social results, the wage-earner finds³³ only minor concern in the immediate or direct economic effects, except in so far as they too alter the broadly social effects. The employers, the entrepreneurs, charged with the responsibility of the right proportioning of factors, of the proper distribution of capital, of the many technical adjustments incident to modern industry, generally have opposed as uneconomic, compulsory wage arbitration especially when the award has taken the form of a fast legal minimum wage.³⁴ The arbitration precedents estab-

³²E.g., *Report of Arbitration Board in Case of Grand Trunk Railway v. Its Telegraphers*, 1908.

³³English wage-earners on the whole favor the plan of arbitration. The opposition is mainly that of the strong unions, which expect to win more by direct methods. The points of their criticism are tersely stated:

"Too many conciliations end with a compromise which looks like six of one and a half dozen of the other; . . . Clean-cut, straight-forward, cold-blooded business recognition of trade unions is worth volumes of arbitration schemes. . . . We like peace, we want peace, we'll have peace if we are bound to fight for it." (*Bur. of Lab. of U. S. Bull.*, No. 96, pp. 184, 185.)

³⁴The opposition of English employers to the scheme of voluntary arbitration as provided mainly in the act of 1896 has been crystallized into three chief particulars.

First, the judges, trained in the courts of law to decide cases on their

lished by the Commonwealth Court of Australia have been generally consistent with the fundamental underlying principle. By charging the individual employer with the responsibility of so setting his industrial house in order that he can meet the charge imposed by the general wage award, it has, by policy, encouraged the survival of the industrially fit. "Let him save himself who can; and the devil take the hindmost." Exceptions to the awards have been more customary in New South Wales where the "normal" wage-worker is the standard, and to a less degree in New Zealand. The tendency to grant such relief from the award has been in direct proportion to the acceptance, in practice, of a value theory of wages.

In the individual states of Australia, as distinguished from the commonwealth, the judges have persistently disclaimed any profit-sharing principle for their wage decisions. General consideration has been given, under the system of wage boards which prevails in many of the states, to changes in cost of living. Custom has featured somewhat in many of the decisions. The immediate guiding principle, however, as distinguished in general from the arbitration precedents reviewed in this paper, where the living wage has been most rigorously enforced and concessions begrudged, has apparently been to "charge what the traffic will bear." This return to value terms is expressed in the following principle underlying an award by Judge Heydon of the Court of New South Wales (by which the principle of the living wage has been the less rigidly enforced), that the men are given what in the court's opinion they might have secured without a court, considering their own strength and the resisting power of their employers.³⁵ Stated otherwise, the court's gauge has been the amount which the court thinks that the union could have wrenched from the employer had it resorted to the direct methods of the collective bargain or of the strike. But the general complaint of employers in Australasia has been that the fixation of a

merits and not on grounds of expediency, are apt to bring to arbitration the ironclad principles of the formal law. Second, the arbitrator because he does not have the responsibility of entrepreneurship can afford to generously indulge his social sympathies at the expense of the employer. Third, a serious objection is the tendency to "split the differences." The workers put their demands unwarrantedly high. The arbitrator reduces them one-half and naively congratulates himself upon his ingenuity.

³⁵ P. Kennaday in *Yale Review*, vol. XIX (1910), p. 41.

minimum wage by state arbitration, and especially by the wage boards, has compelled the entrepreneur to lower the wage of the more efficient to compensate for the higher wages of the less efficient. The employers have often naïvely asserted that this process of general levelling down along with the generally levelling up has been necessary so that the total wage budget might be in the "proper" or "former" relation to profits. The minimum wage has thus tended to become in fact the standard wage.³⁶

Finally, it is to be noted that in many states where arbitration practice has been most highly developed the state has challenged the ethical and social justification of existing incomes. It has been unwilling to accept the *status quo* as a necessarily valid starting point. Unadorned economic theory does not always follow through the labyrinth of social amelioration. Theories of distribution give way to ulterior considerations of immediate social policy. The state of Victoria is definitely committed, for example, to the doctrine that the government shall enforce the right of the workers to a legal living wage. The New Zealand law and the precedents built upon it commit the state to the vastly more comprehensive policy of the redistribution of the income from private industry. The same is true of Western Australia. This program does not appear today as the *inevitable* outcome of a policy of compulsory wage arbitration. It is fair to say, however, that such has been the positive tendency in the great laboratory of modern social legislation, where the judicial methods have become almost universalized in the settlement of industrial disputes. And it seems needless to point out that the precedents of wage arbitration have been in the interests of the human being, the individual worker, rather than in the interests of industry for its own sake. It is not our task here to enter upon a consideration of the validity of such a distinction. The principles underlying wage arbitration have become not an economic theory of distribution but a social theory of *redistribution*.

³⁶ Professor Hammond has pointed out the important difference between the wage fixed by a wage board and the wage fixed through compulsory arbitration. The former, made compulsory, as a minimum, upon the employer but not upon the employee, is not a standard and still less a minimum wage. The latter, made compulsory alike upon employer and employee, tends to become the standard wage. Accordingly, the essential difference between the wage board plan and collective bargaining is that in one case the bargaining is compulsory; in the other voluntary.

Among modern social students there has been a wide difference of opinion as to the theoretical merits of arbitration as a device for wage settlement. The persistent division of sentiment has made the subject one of frequent controversy.

Mr. S. N. D. North, in 1896, gave expression to what is perhaps the fundamental fallacy of the theories of wages in industrial arbitration:³⁷

The question whether wages ought to follow prices, or prices wages, is one which boards of arbitration cannot determine. . . . We may resolve and protest and insist, but it still remains the fact that the living wage is only possible under conditions which allow the living price. This is the A B C of industrial economics. . . . That is the inexorable law which trade unionism cannot repeal. If the wage could make the price, it would never fail to do so. . . .

To the many questions propounded in the statement of the problem of the wage theories in arbitration there is found in the precedents no adequate answer. As a method of industrial peace, arbitration is intermediate, not final; corrective, not remedial; opportunist, not ideal; an expedient for which the defense is to be found in present social policy. From the narrowly economic point of view as contrasted—if such contrast be permissible—with that of general social welfare, wage doctrine in industrial arbitration is as lacking in theoretical justification as is the legal minimum wage, the usual product of arbitration in practice. There is a fundamental circle in the reasoning; throughout, a begging of the question. It takes its place with the other cost-of-production theories of distribution. In judging, however, the usefulness of compulsory arbitration as a device for the maintenance of industrial peace the reminder may not be inappropriate that the "business of the labour arbitrator is not to please orthodox professors of economy, but rather to find a reasonable *modus vivendi* for two disputants who are unable to find it for themselves."³⁸

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³⁷ "Industrial Arbitration; Its Methods and its Limitations," in *Quarterly Journal of Economics*, vol. X (1896), p. 415.

³⁸ W. P. Reeves, *State Experiments in Australia and New Zealand*, vol. II, p. 169.

REVIEWS AND NEW BOOKS

General Works, Theory and Its History

Economic Principles. By FRANK A. FETTER. (New York: The Century Company. 1915. Pp. x, 523. \$1.75.)

Only a part of the field usually covered in a text on economics is included in this first volume, certain practical applications of the principles set forth, such as money, banking, international trade, labor organization, the trust problem, taxation, insurance, etc., being reserved for the second volume, which has not yet appeared.

An examination of the very brief table of contents and the "foreword to economists and teachers" shows that old methods of treatment and a considerable part of the long used and generally accepted vocabulary of the business world and of economic science have been changed or discarded by the author, who has little regard for the old masters and even less for the "novel soporific locutions of the marginal utility school." One might be willing to be led out of old error into new truth by persuasive reasoning and gentle admonition, but to be told that the older treatment was in large part vitiated by "historical relativity" and "logical fallacy," marred by the "cruder physical classification of economic factors into land, capital, and labor," and "tainted" as to "the terms and conceptions of value" by "the old utilitarianism and hedonism," does not predispose one to accept gratefully "this newer thought" and these "newer ideas" even though they are "put in more positive, systematic, and teachable form." Space is lacking for a complete consideration of the ruthless havoc wrought by the iconoclastic bludgeon of the author among the idols of the old school, and among the newer "esoteric economic" doctrines and "the laudable though vain" attempts of "many virile teachers . . . to teach the fundamentals to beginners by a method misnamed inductive."

In the short and vigorous foreword which outlines his plan of treatment, the author points out that his first purpose is "to make the statement of principles fit the practical needs of our society as it is now, in America, and as it is developing, rather than as it was in England in 1815." He divides his book into six parts: I, Elements of Value and Price; II, Usance and Rent; III, Valuable Human Services and Wages; IV, Time-Value and Interest; V, Enterprise and Profit; VI, Dynamic Changes in Economic Society.

These titles are not perfectly descriptive. In fact, they are a little misleading; although, as they seem to indicate, the principal emphasis of the book is upon distribution. One might expect to find part I devoted entirely to exchange and value, yet it contains chapter 1 on "Purposes and nature of economics," and several other chapters largely taken up with the definition and defense of the unique vocabulary which the author proposes for the adoption of economists. Part II does not, as the title would lead one to think, concern distribution, but continues the consideration of new terms and includes much that the older writers treated under the captions, Consumption and Production. In fact, rent, here, does not mean a share in distribution, but rather a "contractual payment" for "the temporary possession and use of a more or less durative agent," or, in other words, what has commonly been called Commercial Rent. These two parts, which occupy 168 pages, are rather hard reading even for one who has a fair acquaintance with the subject; and they must be particularly difficult to teach to students who have not acquired a knowledge of distribution and the relation, to the productive and distributive processes, of many of the concepts here elaborately discussed and precisely defined.

It is apparent that the author has undertaken two tasks: to explain and justify a new nomenclature, and to apply this vocabulary in an exposition of economic theory. In neither of these has he been entirely successful. Incidentally he has tried, as have many other recent writers, to break away from the old fourfold division of the science, which, even though it was somewhat artificial, had considerable merit as a pedagogic device. He has made also an imperfect and on the whole unsatisfactory attempt at a separate treatment of the dynamics of economic society.

One would like to speak of the many excellent features of this work—its faultless diction, its illuminating illustrations, its satisfactory typography, and its graphic devices, some of which are unique and especially helpful; but these are overshadowed by the question as to whether the book itself will prove to be a cradle or a coffin. This depends upon whether the nomenclature is accepted or rejected by economists. If generally accepted and used, it will mean that the business world and economists will no longer speak the same language and that succeeding generations of students of economics will have to read the previous literature of the subject in translation. If the author's terminology is not accepted, the

book ought to be rewritten and considerable portions of it discarded before it is accepted anywhere as a textbook.

This may seem to be an extreme statement in view of the comparatively small number of new words and phrases introduced. Yet the new terms are so fundamental that they have unusual significance; moreover, many familiar terms have been given new meanings, which will lead to even greater confusion; while some familiar forms of expression have been discarded and no substitutes provided, because the author believes that the things or ideas which they connote are non-existent, obsolete, or erroneous.

Take, for example, the word "choice." A whole chapter is used to define choice and to show how it is related to value. How is "choice" any better than Demand? From a psychological standpoint, choosing is a volitional decision between alternatives, which may or may not have economic significance. A discussion of choice leads into the realm of metaphysics and may be important in arguments on the freedom of the will, but for economics the important thing is what men do under certain circumstances and not whether their action is the result of a mechanical determinism or a rational choice. It is worthy of note that when it comes to a practical problem the author has to fall back on the old term Demand and the familiar diagrams showing supply and demand curves. "Psychic income" is another new phrase of doubtful worth. In one sense there is nothing new in the idea that the satisfaction derived from economic goods is in the last analysis psychic; but, on the other hand, a large amount of the psychic income of humanity has little if any economic significance unless it be of a negative character. Prue and I doubtless enjoyed their castles in Spain more than the multimillionaire does his Newport villa, and yet their psychic income therefrom did not "motivate" their economic activity but rather tended to inhibit it. So also the contemplation of the true, the beautiful, and the good may give the highest pleasure without stirring to action.

Why change the generally accepted meaning of Utility from the capacity of a good to satisfy human wants to the "fitness (a quality) of things to conduce to real welfare"? Originally, utility and usefulness may have been synonymous terms; but in the course of time utility has come to have a technical meaning in economics, and to change it now can serve no useful purpose but must lead to confusion. "Marginal valuation" strikes one as being no better than the Determination of Value by Marginal Util-

ity, which has been discarded by the author because of his change in the meaning of utility. It is hard to see what advantage there can be in speaking of the "price-good" and "sale-good" in simple barter. "Proportionality" is another new word. It covers a considerable range of ideas, but is really intended as a substitute for Diminishing Returns. There is no good reason why it should not apply to increasing returns as well. These older terms are sufficiently difficult to define precisely. Why substitute a vaguer term which may have a much wider variety of meanings? "Time-preference" is a good and useful term, but it evidently means the same as "time-choice." If "choice" is used in one part of the book why not use it in every part? Discounting the future means something to the business man, while time-choice, or time-preference arouses no special apperceptions in his mind.

The author's habit of seeking etymological justification for the particular meaning which he desires to give to a word or phrase often leads him astray. This is true in the case of Capital. The Latin origin of the word does not determine its recent technical meaning, but rather leads to the perpetuation of errors which economists have long sought to eradicate. Fetter's concept of capital is a strange mixture of credit, property rights, claims upon future earning power, etc. He even speaks of "nominal capital" (stocks and bonds) as though it were true capital if backed by real investment. Abstinence is defined as "the name of" a "faculty of the mind," and Interest as "the price paid by a borrower for the right to buy goods at discounted prices." Such definitions afford little if any aid in the solution of the problems with which the business man and the economist are concerned.

The criticism and dissent contained in this review are expressed by the writer with the keenest regret, because he feels that the book contains many real merits and much that would be of value to the general reader as well as the student. Moreover, he finds himself so completely in accord with Professor Fetter in his interpretation of recent political events and in his genuinely sympathetic attitude toward all rational attempts at social improvement that he can not refrain from expressing the hope that these splendid contributions to economic thought shall not be obscured or lost to the world by the rejection of the medium through which the author chooses to express them.

CARROLL W. DOTEN.

Massachusetts Institute of Technology.

Essays in Social Justice. By THOMAS NIXON CARVER. (Cambridge: Harvard University Press. 1915. Pp. vi, 429. \$2.00.)

The Abolition of Poverty. By JACOB H. HOLLANDER. (Boston: Houghton Mifflin Company. 1914. Pp. 122. \$0.75.)

It is a sign of the fundamental soundness of a nation's intellectual organization when its leaders in fields of specialized thought turn in their maturity to the discussion of the more general problems of life. It is a reassertion on the part of the specialist of his humanity, long suppressed under his special vocation. Thus the German chemist or physicist permits himself in the end to become cosmogonist; the psychologist becomes metaphysician; the economist undertakes the role of political or ethical philosopher. Perhaps it is impertinent to appraise the objective value of the resulting contributions to metaphysics, politics, and ethics. So much, however, must be granted: these specialists, wandering in broader fields, bring with them personal interpretations that are fresh, as well as a mental cast shaped by their professional experience. Professor Carver and Professor Hollander, succumbing in the works under review to the enticement of the horizon, may not be contributing what would pass for the highest grade of ethics or social philosophy, but they may be contributing something more useful to those disciplines: a wealth of suggestion.

As any one familiar with Professor Carver's earlier work might surmise, the keynotes of his theory of social justice are survival value and a robust, practical, joyless individualism. What is social justice? Be sure you do not address your inquiry to your own soul, as the false philosophers of old were in the habit of doing. "The study must be objective, rather than subjective, that is, we must study the laws of economics and social development, rather than our own sentiments" (p. 11). That is justice which is conducive to group survival. "In the most general terms, therefore, justice may be defined as such an adjustment of the conflicting interests of the citizens of a nation as will interfere least with, and contribute most to, the strength of the nation" (p. 9). Thus, you see, there is no conflict between morals and expediency. The good and the successful are one. "The good are they with whom it is well in the long run and the bad are they with whom it is ill in the long run" (p. 23).

Our so-called moral sentiments to the contrary notwithstanding, there is no such thing as morality not conditioned and chiefly

determined by circumstances. In our green college days, many of us felt that the Persians, whose pride was to speak the truth and to acquit themselves manfully, were superior morally to the Greeks, sons of Odysseus, masters of the arts of lying and trickery, valiant in the pursuit of fleeing foes or in the sacking of defenseless towns, but otherwise prudent. Today the Persians are only a myth, their name borrowed by later and inferior stocks, while the Greeks still survive, their descent from Odysseus excellently authenticated by their modern conduct. Wiles, it may be said, were necessary for their survival under the oppression of Macedonia, Rome, Turkey, and latterly of the Entente. They were therefore moral, according to Professor Carver's principles. But one can be pure relativist in theory; the absolutist will still crop up in one's heart. "Deception is always immoral" (p. 91). This is not the only lapse of Professor Carver into absolutism. To sacrifice one part of a population in the interest of another is "inherently inequitable" (p. 140). "Oppression is always hateful" (p. 135). It is, however, unfair to hold Professor Carver too strictly to account for failing to be rigorously consistent with his fundamental principle of survival value. So far as the reviewer knows, no writer on ethics has worked out a perfect reconciliation between the claims of morality as a sentimental matter, without which no man would live or die for his group, and morality as an adjustment to the requirements of survival, without which no group could long persist.

The practical essays in which Professor Carver illustrates his principles cover a wide range. There is an essay which attempts to translate the concept of self interest into the concept "self centered appreciation," which may be commended to the psychologists; an essay on "Forms of human conflict" which arranges forms of conflict in higher and lower classes (on rather absolutistic principles), one surmises, written chiefly for the sake of later treating socialism as an attempt to substitute the lower form of political competition for the higher form of economic competition. Under universal public ownership all positions, Professor Carver solemnly asserts, would be filled by methods of political campaigning (p. 125)—obviously a most archaic mode of conflict. There are interesting chapters on "How ought wealth to be distributed"? (answer, very much as it is now) and "How much is a man worth?" (answer, precious little). "Socialism and the present unrest" is a collection of hard nuts for the parlor socialist to crack. "The

single tax" is remarkable for its cold impartiality as between single taxers and land monopolists: the latter are holding what they have no special right to hold; the former are yearning for a participation in benefits to which they have no claim. Perhaps the most ingenious essay of the collection is the one entitled "The question of inheritance." Here we are given one of those broad classifications of society in which the political essayists delight. Men are either family builders or spawners. Whether a society is good for anything or not depends on the proportions of family builders and spawners. Inheritance obviously works in favor of the family builder and insures his survival and multiplication on the earth. It should therefore be regarded as socially just. This does not mean, however, that swollen inheritances, adapted to create an idle and profligate leisure class, should be permitted.

As to poverty, Professor Carver believes that it is a condition no more inherently necessary than yellow fever or malaria. His method for reducing its volume and ultimately extirpating it is derived from the ordinary economic principles of imputation. Improve the methods of distributing labor; train laborers better for their work; check excessive multiplication. Thus the economic value of labor will be increased and poverty will disappear.

Professor Hollander approaches the problem of poverty from another angle. In his view wages are low because of the inferior bargaining power of labor. Increase the laborer's bargaining power, through unionism, or enlist the state in the laborer's interest, through minimum wage laws, and it will be possible to make rapid progress toward the elimination of poverty. Not a word in Professor Hollander's book about the laws of imputation, the effects of quantitative disproportion of the factors in production. Not a word in Professor Carver's book about the superior bargaining power of the man with cash in his dealings with the man with bare hands. Yet both authorities are deeply imbued with the classical tradition, in which both factors in the problem of poverty are intermingled. The explanation of this fact is simple: each of the works was written under the drive of the author's temperament. Professor Carver's is more concerned with the mechanical adjustment of quantitative forces; Professor Hollander's, with the conditions of social economic conflict. We who are under no present necessity of seeing a complex problem as simple will content ourselves with the middle ground. Poverty

will never be eliminated by pure economic law nor by positive law that knows only the methods of economic law. Nor will it ever be eliminated by legislative fiat, inspired by abstract ideas of social justice and oblivious of limitations imposed by economic fact.

ALVIN S. JOHNSON.

Russian Sociology. A Contribution to the History of Sociological Thought and Theory. By JULIUS HECKER. Columbia University Studies in History, Economics and Public Law, Vol. LXVII, No. 1. (New York: Longmans, Green and Company. 1915. Pp. 309. \$2.50.)

Among the benefits of the present war is that it has revealed Russian thought and life more fully to English-speaking peoples. A timely volume in this connection is Dr. Hecker's study of Russian sociology. We may know something of Russian music and literature in America, but it is doubtful whether we know much about Russian sociology and economics. We are, to be sure, familiar with the writings of Kropotkin in English and of the two Russian sociologists who wrote in French, Novicow and De Roberty. Most of us have also heard of, and know something about, Bakunin and the nihilistic school, and of a few recent writers a part of whose work has appeared in French or English, like Kovalevsky; but who of us know anything about the sociological theories of Lavrov, of Mikhalovsky, and of Kareyev? Yet these three are the truly eminent and representative names in Russian sociology, standing as they do for the more liberal progressive tendencies in their national life.

Dr. Hecker has performed a valuable service in making the sociological ideas and systems of these men accessible to us in English. His work seems to be very carefully done. He first discusses the social and political background of Russian sociology. Then he takes up successively the different schools of sociological thought in Russia, carefully presenting the methodological traits and essential theories of each, comparing and clearly differentiating them. The book is well worth reading, not only because it presents in clear outlines the social, political, and economic theories of different elements in the Russian nation; but also because it illustrates the difficulties and futilities which have beset sociological thought in Russia, as well as elsewhere, when it has not been developed upon a secure basis of established scientific truth.

Nevertheless, many of the theories of Russian sociology which Dr. Hecker outlines for us are interesting and carefully worked out, and make us wish that he would soon present in English some of the more valuable of Russian sociological treatises.

CHARLES A. ELLWOOD.

University of Missouri.

NEW BOOKS

BRISTOL, L. M. *Social adaptation. A study in the development of the doctrine of adaptation as a theory of social progress.* With a preface by T. N. CARVER. Awarded David A. Wells prize for the year 1914-1915. (Cambridge: Harvard Univ. Press. 1915. Pp. xii, 356. \$2.)

Students of economics will find this book a helpful guide to a subject which they dare not entirely neglect, but which so bristles with difficulties that they are loath to enter it. The author's own ideas of social evolution appear only in incidental comment and in a concluding section; most of the space is used for a survey of the literature of sociology, from the time of Adam Smith and Lamarck to the present, with a description and appreciation of the ideas that have been contributed by the various writers on the subject. The author shows an extensive acquaintance with the works in his field, a sympathetic interest in many different points of view, and an ability to indicate in summary the main features of the different systems that have been proposed. Constructed on the plan of Barth's *Die Philosophie der Geschichte als Sociologie*, which has long been one of the best introductions to the general field of sociological literature, Professor Bristol's volume offers the advantage of another viewpoint, and will be useful either as a supplement or a substitute for that book.

C. D.

EDGEWORTH, F. Y. *The cost of war and ways of reducing it suggested by economic theory.* (New York: Oxford Univ. Press, American Branch. 1915. Pp. 48. 35c.)

KIRKPATRICK, E. A. *Fundamentals of sociology.* (Boston: Houghton Mifflin. 1916. \$1.25.)

NASMYTH, G. *Social progress and the Darwinian theory; a study of force as a factor in human relations.* (New York: Putnam. 1916. Pp. 440. \$1.50.)

PETRY, F. *Der soziale Gehalt der Marxschen Werttheorie.* (Jena: Fischer. 1916. 2 M.)

SCHULZE-GAEVERNITZ, B. v. *Grundriss der Sozialökonomik.* Pt. V. *Die einzelnen Erwerbsgebiete in der kapitalistischen Wirtschaft und die ökonomische Binnenpolitik im modernen Staate.* Vol. 2. *Bankwesen.* (Tübingen: Mohr. 1915. Pp. 231. 7.40 M.)

Economic History and Geography

Economic Origins of Jeffersonian Democracy. By CHARLES A. BEARD. (New York: The Macmillan Company. 1915. Pp. 474. \$3.00.)

In this volume Professor Beard continues his economic interpretation of American politics.¹ It is written to prove that economic antagonisms, manifest at the time of the adoption of the Constitution, were the sure foundations of our first political parties. The economic conditions of merchants, money-lenders, and speculators were so diverse from those of the farmer and debtor classes, that "The spokesmen of the Federalist and Republican parties, Hamilton and Jefferson, were respectively the spokesmen of capitalistic and agrarian interests." It can not be said that Professor Beard has discovered much new evidence of this fact. It may even be affirmed that none was needed, but he has, at least, made assurance doubly sure.

Professor Beard finds some needed opposition in theses advanced by Professors J. S. Bassett and O. G. Libby. Professor Bassett thinks that Hamilton's constructive economic policies evoked in 1791 two new parties which were respectively supporters and opponents of the Administration. Professor Libby thinks that there was no real political party in the country until in 1798 Jefferson welded one together in the heat of the opposition to the Alien and Sedition laws of Adams' administration. The fundamental conclusion from the latter view would be that the Jeffersonian party was not set upon economic foundations but rather upon a philosophic creed of political liberty. To controvert this opinion, Professor Beard cites many pages of contemporary testimony.

Tracing the later party affiliations of surviving members of the Constitutional Convention, Professor Beard shows that not one of the opponents of the Constitution became a Federalist. Over one half of the members of the Philadelphia Convention entered the service of the government which they had devised. So many of the advocates of the Constitution were in Congress that, in the judgment of the author, "the Constitutional Convention, although it adjourned September 17, 1787, never dissolved until the great economic measures which were necessary to make the Constitution a living instrument were fully realized."

In the chapter entitled Security Holding and Politics, the author details the results of original research among the records of the

¹ *An Economic Interpretation of the Constitution of the United States* is reviewed on page 117 of volume IV (1914) of this REVIEW.

Treasury Department to find the names of public security holders who were also members of the first Congress. A scrutiny of the votes in either House for Hamilton's fiscal measures reveals that, of the 14 senators who voted for the funding bill with the assumption of state debts amendment, 11 were holders of public securities, and that 21 out of the affirmative majority of 32 in the House, on the same measure, were also creditors of the government. But after a review of the geographical distribution of the public securities, the author concludes that nearly all the members of Congress fairly represented in this voting the dominant economic interests of the constituencies. Pennsylvania Republicans presented for popular approval their candidates for local and federal office, "most of them farmers, the occupation of all others that leads most to virtue."

There is certainly sufficient evidence that "the interests" were as feared and as hotly denounced in 1800 as they are today, and that the "malefactors of predatory wealth" were a continual nightmare to Jefferson and his supporters, *until the latter obtained control of the government*. In the election of 1800, there were in the Wall Street region of New York City only 74 Jeffersonian votes, while the Federalists polled 213. But the gardeners, carpenters, and wage-laborers, who lived in the outlying parts of the city, were overwhelmingly Republican.

Such a monograph as this renders valuable aid to the student and future historian who seek to visualize and correlate the great forces that formed our political structure. It is possible, however, that the economic differences here emphasized were of secondary rather than primary importance. There may be good reason to think that the deeper fact underlying the first political parties should be described as social rather than economic, and that the real conflict was between social groups, the faint survivals or imitations of Old-World differences, in which economic interests enhanced but did not cause the antagonism.

Professor Beard promises a third volume in the series which will set forth the economic doctrines and policies of Jeffersonian republicanism as a chapter in the larger study of "Agrarianism and Slavocracy."

CHARLES H. LEVERMORE.

Imperial Germany and the Industrial Revolution. By THORSTEIN VEBLEN. (New York: The Macmillan Company. 1915. Pp. viii, 324. \$1.50.)

In this volume Mr. Veblen roams freely over the field of the economic interpretation of history from the prehistoric archaeology of Scandinavia to such questions of the hour as the relative merits of the German and English languages, cultures, and political institutions. He gives almost no facts, but advances many interesting propositions. His main theme is the difference between the development of the Industrial Revolution in Germany as compared with that in England, and the deleterious effects of Prussian-Imperial policy on German economic development.

A long introduction on the neolithic culture of the Baltic littoral disposes of the Teutonic claim to being a pure "race," such as Stewart Chamberlain would have us believe in. English and Germans are descended from the same hybrid Baltic stock, one of whose chief characteristics is a tendency to borrow, assimilate, and turn profitably to their account the cultural advantages, economic and political, of their neighbors. The English of the Elizabethan Age borrowed navigation and shipbuilding and other industrial arts from the Continent and assimilated them with such advantage that England started on a long period of economic development which placed her in the course of three centuries far ahead of the other countries. Similarly the Germans of the Imperial Era of the last half century have borrowed from England all the ready-made technological arts which the English had been painfully working out since Elizabeth's time.

Mr. Veblen holds that the fundamental reason for Germany's recent extraordinary industrial growth is the fact that Germany, in thus borrowing a perfected industrial system, was able to put it into operation within a few years instead of centuries, and was able to borrow it stripped free of all the British pernicious habits and ideas which had grown with the slow progress of the industrial arts in England and which still cling as a very serious encumbering hindrance on English industry. In England, for instance, there developed concomitantly with the mechanical arts what the author calls a "mechanistic conception," or matter-of-fact habit of mind, which made for materialism and individual selfishness at the expense of national loyalty and solidarity. Capitalistic exploitation of labor resulted in bad sanitation, excessive hours of work, dangerous machinery and other detrimental influences which weakened the physique of English workmen and produced a "depauperate" population. Competitive salesmanship, with its enormous and wasteful expenditure on advertising, raised the cost of

production at the expense of the community. "Depreciation by obsolescence," the loss through failure to replace obsolete with up-to-date equipment, was more marked in England because the development of the arts was relatively slow, and because the evil was not felt so long as England alone was enjoying the benefits of the Industrial Revolution; it was not felt till the up-to-date equipment of Germany and America began to reveal by competition the English obsolescence which had been fostered by the national habit of "muddling along." The long unrivalled wealth and prosperity which came to England through her priority in the technological arts created in England an expensive standard of living or "conspicuously wasteful consumption"; the English "gentleman," with his numerous dogs and residences, with his addiction to sports, week-ends in the country, and expensive foreign travel, set an example of uneconomical expenditure which was reflected in "the petty fopperies and uncouth dissipations of the British working-class."

When, however, the Germans borrowed from England the highly developed industrial arts, they did not take over any of these pernicious cultural consequences. On the contrary, the borrowers were in the relatively archaic stage represented by the autocratic dynastic state; but they were also a people who were accustomed to frugality, who had a relatively inexpensive standard of living, who by long intellectual training were highly intelligent in adopting and operating the new machines, and who had been trained in valuable habits of docility by a strong dynastic state. So the borrowers, unencumbered by English traditions and wasteful habits, were speedily able to outstrip the English themselves.

Having explained Germany's Industrial Revolution on these grounds, the author then undertakes to show that Germany's recent economic prosperity has not been because of, but in spite of, the Prussian-Imperial State policy. Except where the state has swept away barriers, state activity, he maintains, in regard to tariffs, railroads, colonies, military expenditures, and social legislation has tended to hinder rather than to advance Germany's economic development. No doubt the dynastic state has greatly turned to its own profit the new technological arts to increase its own military efficiency with the very best warlike equipment. But in the end, he believes, even in Germany, the Industrial Revolution will tend to develop, as in England, that "mechanistic conception" which is inimical to loyalty and personal government and there-

fore to the dynastic state; it will inevitably tend to promote a spirit of freedom and the development of more democratic political institutions.

SIDNEY B. FAY.

Smith College.

Socialized Germany. By FREDERIC C. HOWE. (New York: Charles Scribner's Sons. 1915. Pp. x, 342. \$1.50.)

Dr. Howe's work does not belong to the grist of books written hastily to prove the black sinfulness or the white righteousness of Germany's war policies. It is the outcome of a quarter century's study of German life, and had been in large part written before the outbreak of the European war. It was then laid aside, the preface tells us, to await the ending of the war, but later, as the fruits of Germany's organization became visible in her military efficiency, the author decided to complete it, partly as an explanation of that efficiency, and partly as a warning to the slacker nations. For Dr. Howe has his gospel of preparedness to spread abroad, but it is preparedness for peace. The German peril, he declares, is a peace peril as well as a military peril: "The real peril to the other powers lies in the fact that Germany is more intelligently organized than is the rest of the world." Soon Germany will turn from war to peace with the same preparedness with which she turned from peace to war: then let her *laissez faire* rivals beware.

In the shaping of modern Germany, Dr. Howe begins, three forces have been paramount—the survival of feudalism in Prussia, the personal influence of Bismarck and Wilhelm II, and the system of education. The survival of feudalism—due to the fact that the steam-roller of the French Revolution did not pass over eastern Prussia—explains both the political backwardness and the social paternalism of the modern state. A glowing and impressive account is given of the recent economic progress of Germany, based largely on the studies of Dr. Karl Helfferich. How explain this wonderful and unparalleled progress? the author asks. His answer is simple—state socialism.

One by one the chief phases of this policy of state socialism are reviewed. We are called upon to admire the state-owned railways, efficiently managed, yielding profit to the treasury and prosperity to German industry; the waterways, free ports, and harbor terminals; the experiments in state ownership of farms,

mines, forests; the expert-guided municipal government, the far-sighted planning of cities, the public appropriation of unearned increment. Everywhere we are shown efficiency, economy, foresight, single-minded zeal for the common good. The distribution phase of state socialism is even more noteworthy. We are shown how the worker is aided at every turn, trained in hand and head for his definite life work, assisted to find and keep that work, guarded against disease, cared for when ill, compensated for accident, enabled to employ his leisure profitably, and pensioned in old age.

The story of German efficiency, thoroughness, unity, is not a new one. Whether the war has given fresh proof of superior efficiency, or has merely shown how in Germany, above all other powers, every force and institution has been perverted into preparation for war, is a point which may be left to neutral pens to discuss. There is comparatively little in Dr. Howe's treatment that has not appeared elsewhere, notably in the writings of Mr. W. H. Dawson, to whom due acknowledgment is made. Yet in no other single book will one find so comprehensive and so able a summary and analysis of what the German state does for industry and for the citizen. The presentation is clear and well-balanced, and the author's short, crisp sentences drive every point home.

The query suggests itself whether Dr. Howe has not credited Germany's economic progress too exclusively to the intervention of the state. One could hardly expect the author to recognize what few, if any, recognized before Dr. Veblen—the advantage (the passing advantage) which Germany obtained in borrowing from Great Britain the technology of modern industry without the hampering conventionalities which surrounded it in the land of its birth. Other factors are more obvious. The title of the book is *Socialized Germany*, but it is of the state alone we hear, as if society and the state were one, even in Germany. There is not a word of individual efforts on the part of German business men, not a word of the cartels, or of the coöperative societies, or land mortgage associations, and only passing reference to trade unions. There is no recognition of the fact that perhaps the greatest service the state has rendered German industry has been to disappear; that the blotting out of petty state lines and obstructive tariffs has been a service of first magnitude. The effect of the present tariff is not considered, though the Hansa League has raised very pertinent questions as to the value of this form of state aid.

Again, too glowing a picture is presented. We are told that

"nowhere do people pay taxes more willingly than in Germany" (p. 22) and that "the privileged classes are kept under control" (p. 84), as if the privileged agrarian classes had never fought against inheritance taxes or forced food taxes on the gerrymandered masses. Insurance malingering is not mentioned. In discussing freight rates, the fact that total freight earnings in the United States are to earnings in Germany, per capita, as \$23.35 to \$8, is taken as the measure of the 'burdens' imposed. No proof is given of the assumption that conditions and progress are better in Germany than elsewhere, save for a carefully handpicked comparison of Dr. Helfferich's between German and English miners' wages in certain years, without any reference to the fact that English miners' wages vary as a rule with the price of coal; or any consideration of the facts presented in the British Board of Trade's inquiry into cost of living in German towns, which showed that in the trades covered "the German rate of money wages per hour is about three fourths of the English rate, and the cost of rent, food and fuel is nearly one fifth greater than in England." On one page, it is true (p. 202), Dr. Howe does recognize that the German workman's hours are long, his wages low, his housing bad, and sordid poverty widely prevalent, but this side of the picture is given little prominence.

It is recognized that the system has its social faults. Caste rules everywhere, initiative is sapped, individuality ironed out. What is the balance of gain or loss, whether the economic gains are bought too dear at the price of creating the conscript mind, of taking the backbone out of opposition to the ruling caste's political schemes, are questions the author does not face. For, he urges, these sacrifices, light or heavy, are not an essential part of socialism; they are due to the control of state socialism in the interest of a class, and could be avoided by democratic imitators. Perhaps, and yet it is well to remember the verdict of a sympathetic student of German affairs, Dr. Sadler, who fifteen years ago declared: "No other nation by imitating a little bit of German organisation can hope thus to achieve a true reproduction of the spirit of German institutions. The fabric of its organisation forms practically one whole. That is its merit and its danger. National institutions must grow out of the needs and character (and not least out of the weakness) of the nation which possesses them."

O. D. SKELTON.

Queen's University, Kingston, Ontario.

NEW BOOKS

ANDERSON, D. R. *William Branch Giles. A study in the politics of Virginia and the nation from 1790 to 1830.* (Menasha, Wis.: George Banta Pub. Co. 1914. Pp. 271.)

APELBAUM, J. *Basler Handelsgesellschaften im 15. Jahrhundert mit besonderer Berücksichtigung ihrer Formen.* (Bern: Stämpfli & Co. 1915. Pp. iv, 186. 4 M.)

ARIAS, G. *La nostra guerra e gli elementi della ricchezza italiana.* (Florence: Tip. Domenicana. 1915. Pp. 26.)

BAASCH, E. *Die Handelskammer zu Hamburg, 1665-1915.* (Hamburg: Gräfe & Sillem. 1915. Pp. 738, 838, 966.)

BANCROFT, H. H. *Why a world centre of industry at San Francisco Bay?* (New York: Bancroft Co. 1916. Pp. 47.)

BOLTON, H. E. *Texas in the middle eighteenth century: studies in Spanish colonial history and administration.* University of California publications in history, vol. 3. (Berkeley: Univ. California. 1915. Pp. 501.)

CRESSY, E. *An outline of industrial history, with special reference to problems of the present day.* (London: Macmillan. 1915. Pp. xiv, 364. 3s. 6d.)

An excellent summary of English economic history, distinguished from others by the subordination of earlier periods, and by a more comprehensive and more detailed treatment of the past two centuries. Students will find it both interesting and instructive.

DRACHMANN, P. *The industrial development and commercial policies of the three Scandinavian countries.* Edited by H. WESTERGAARD. (Washington: Carnegie Endowment for International Peace, Division of Economics and History. 1915. Pp. 124. \$1.50.)

The book consists of three chapters devoted respectively to Denmark, Sweden, and Norway and giving a cursory review of the industrial development and the tariff policies of each country during the past century. In these troublous war days, one feature stands out in this historical sketch, concerning the effects of the various wars during the nineteenth century: the countries described seem to have benefited as neutrals from the wars of other European countries, but suffered from industrial depression for decades following wars in which they participated as belligerents.

N. I. STONE.

ENTSCHKEFF, G. *Die Industrie Bulgariens mit besonderer Berücksichtigung der Mehl- und Wollindustrie.* (Zürich: Rascher. 1915. Pp. 243.)

FOWLER, C. N. *The national issues of 1916.* (New York: Harper. 1916. \$1.50.)

GOLDSMITH, P. H. *A brief bibliography of books in English, Spanish,*

- and Portuguese, relating to the republics commonly called Latin American, with comments. (New York: Macmillan. 1915. Pp. xix, 107. 50c.)
- GOODSELL, W. *A history of the family as a social and educational institution.* Edited by PAUL MONROE. (New York: Macmillan. 1916. Pp. 588. \$2.)
- HOBHOUSE, L. T. *The world in conflict.* (London: Unwin. 1915. Pp. 104. 1s.)
- KIRKALDY, A. W., editor. *Credit, industry, and the war; being reports and other matters presented to the Section of Economic Science and Statistics of the British Association for the Advancement of Science, Manchester, 1915.* With a preface by W. ROBERT SCOTT. (New York: Pitman. 1915. Pp. 277. \$1.)
- LUEFT, H. A. L. *Die nordamerikanischen Interessen in Südamerika vor dem Krieg.* (Jena: Fischer. 1916. 1.80 M.)
- OWEN, T. M., compiler. *Preliminary index to the legislative reference collections of the department of archives and history of the state of Alabama.* (Montgomery, Ala.: The Dept. 1914. Pp. 41.)
- PUPIN, R. *La richesse de la France devant la guerre.* (Paris: Rivière. 1915. 4 fr.)
- SCHWANN, M. *Ludolf Camphausen. I. Ludolf Camphausen als Wirtschaftspolitiker. II. Denkschriften, Wirtschaftspolitischen Arbeiten und Briefe Ludolf Camphausens. III. Ludolf Camphausen als Mitglied und Vorsitzenden der Kölner Handelskammer. Veröffentlichungen des Archivs für Rheinisch-Westfälische Wirtschaftsgeschichte, vols. III-V.* (Essen: Baedeker. 1915. 24 M.)
- SCROGGS, W. O. *Filibusters and financiers. The story of William Walker and his associates.* (New York: Macmillan. 1916. \$2.50.)
- SNOWDEN, Y. *Notes on labor organizations in South Carolina, 1742-1861.* Bulletin of the University of South Carolina. (Columbia, S. C.: University Press. 1916.)
- STANOYEVICH, M. S. *Russian foreign policy in the East.* (Oakland, Calif.: Liberty Pub. Co. 1916. Pp. viii, 38. 50c.)
This pamphlet presents a useful survey of the factors, economic and other, involved in Russia's Eastern policy. It closes with a bibliography of ten pages, including Russian works.
- STREIGHTOFF, F. D. and F. H. and NORTH, C. C. *Indiana. A social and economic survey.* (Indianapolis: W. K. Stewart Co. 1916. Pp. 261. \$1.25.)
- DE TRÉMAUDAN, A. H. *The Hudson Bay road. (1498-1915).* (New York: Dutton. 1916. Pp. xvi, 264, illus. \$2.50.)
- WASHBURN, C. G. *Theodore Roosevelt. The logic of his career.* (Boston: Houghton Mifflin. 1916. Pp. 245. \$1.50.)

WIEDENFELD, C. *Die deutsch-türkischen Wirtschaftsbeziehungen und ihre Entwicklungsmöglichkeiten.* (Munich: Duncker & Humblot. 1915. 2 M.)

Collections of the Minnesota Historical Society, vol. 15. (St. Paul: Minn. Hist. Soc. 1915.)

The Jews in the eastern war zone. (New York: Am. Jewish Committee. 1916. Pp. 120.)

Proceedings of the State Historical Society of Wisconsin at its sixty-second annual meeting held October 22, 1914. (Madison, Wis. 1915. Pp. 286.)

Proceedings of the first Pan American financial conference, Washington, D. C., May 24 to 29, 1915. (Washington: Pan-American Union. 1916. \$1.)

Present-day industries in the United States; a study outline. Tentative edition. (White Plains, N. Y.: Wilson. 1915. 15c.)

The work and wealth of Austria-Hungary. A series of articles surveying economic, financial and industrial conditions in the dual monarchy during the war. Introduction by R. L. ORCHELLE. (Berlin: Continental Times Co. 1916. Pp. 40.)

Agriculture, Mining, Forestry, and Fisheries

NEW BOOKS

BOWKER, W. H. *The relation of the fertilizer industry to the agricultural and industrial development of the country. Address delivered at the twenty-second annual convention of the National Fertilizer Association, Hot Springs, Va., July 13, 1915.* (New York: American Agricultural Chemical Co. 1915. Pp. 18.)

CARVER, T. N. *Selected readings in rural economics.* Selections and documents in economics, edited by W. Z. RIPLEY. (Boston: Ginn. 1916. Pp. 974. \$2.80.)

To be reviewed.

GILLETTE, J. M. *Constructive rural sociology.* Revised edition. (New York: Sturgis & Walton. 1915. Pp. xiii, 301. \$1.60.)

To be reviewed.

GOULD, V. W. *Government land in Florida, with general information, map showing location of vacant lands in the state and abstracts of the laws governing the acquirement of same.* (De Land, Fla.: V. Ward Gould. 1916. Pp. 63. 25c.)

HOVERSTAD, T. A. *The Norwegian farmers in the United States,* (Fargo, N. D.: Hans Jervell Pub. Co. 1915. Pp. 31. 50c.)

LANE, C. H. *Lessons on cotton for the rural common schools.* Bull. No. 294. (Washington: Dept. Agri. 1915. Pp. 16.)

- MATTHEWS, A. H. H. *Fifty years of agricultural politics, 1865-1915.* (London: King. 1915. Pp. xv, 431.)
- METCALF, R. and BLACK, C. G. *Rural credit coöperation, and agricultural organization in Europe.* (Olympia, Wash.: Govt. 1915. Pp. 293.)
- NEARING, S. *Anthracite. An instance of natural resource monopoly.* (Philadelphia: John C. Winston Co. 1915. Pp. 251. \$1.)
- RADFORD, G. *The state as farmer.* (London: Smith, Elder. 1916.)
- SMITH, H. H., editor. *The rubber industry of the Amazon and how its supremacy can be maintained, based on the experience of Joseph F. Woodroffe.* Foreword on the *Latin-American Indian*, by Viscount Bryce. (London: Bale. Pp. 484. 21s.)
- TEELE, R. P. *Irrigation in the United States. A discussion of its legal, economic, and financial aspects.* (New York: Appleton. 1915. Pp. viii, 252. \$1.50.)
To be reviewed.
- USSING, A. *Petroleumspriser og Petroleumsförbruk.* (Kjøbenhavn: G. E. C. Gad. 1915. Pp. 71.)
- WALKER, G. T. *Petroleum, its history, occurrence, production, uses and tests.* (Minneapolis, Minn.: Imperial Prtg. Co. 1915. Pp. 46. \$1.)
- WICKSON, E. J. *Second thousand answered questions in California agriculture; a sequel to "One thousand questions in California agriculture answered."* (San Francisco: Pacific Rural Press. 1916. Pp. 254. \$1.50.)
- Forest protection in Canada, 1913-1914.* (Toronto: Commission of Conservation. 1915. Pp. 317.)
- Petroleum and natural gas resources of Canada. Vol. II. Description of occurrence. Pt. 1. Eastern Canada. Pt. 2. Western Canada.* (Ottawa: Dept. of Mines, Mines Branch. 1915. Pp. viii, 405, xx.)
- The production of coal and coke in Canada during the calendar year 1914; of iron and steel; of copper, gold, lead, nickel, silver, zinc, and other metals.* Nos. 348, 349, 350. (Ottawa: Dept. of Mines, Mines Branch. 1915. Pp. 39, 35, 75.)
- The relation of applied science to sugar production in Hawaii.* (Honolulu: Experiment Station of the Hawaiian Sugar Planters' Association. 1915. Pp. 84.)
- Summary report of the Mines Branch of the Department of Mines, Canada, for the calendar year ending December 31, 1914.* (Ottawa: Dept. of Mines, Mines Branch. 1915. Pp. 232, xx.)
- Yearbook of figures, 1914.* (Chicago: Drovers Journ. Pub. Co. 1915. Pp. 112.)

Manufacturing Industries

NEW BOOKS

- CALVERT, A. F. *Salt in Cheshire*. (London: Van Nostrand. 1915. Pp. 1240. \$6.50.)
- KELLOGG, R. S. *The lumber industry*. (New York: Ronald. 1915. Pp. 104. \$1.)
- MIDDLETON, J. *Statistics of the clay-working industries in the United States in 1914. Part II of Mineral resources of the United States, calendar year, 1914*. (Washington: U. S. Geolog. Survey. Pp. 455-548.)
- TOWLE, H. C. *The shoe in romance and history*. (San Francisco: A. Carlisle & Co. 1915. Pp. 24, illus.)
- WOODROFFE, J. F. *The rubber industry of the Amazon; and how the supremacy can be maintained. With a foreword on the Latin-American Indian by Viscount Bryce*. (New York: Stechert. 1915. Pp. 435. \$5.50.)
- Manufacture of gasoline and benzene-toluene from petroleum and other hydrocarbons*. Bull. 114. Petroleum technology, 29. (Washington: Dept. of the Interior. 1916. Pp. xvii, 268.)

Transportation and Communication

- The History and Economics of Transport*. By ADAM W. KIRKALDY and ALFRED DUDLEY EVANS. (London: Sir Isaac Pitman and Sons, Ltd.; New York: D. Van Nostrand Company. N.d. Pp. ix, 338. \$3.)
- The Rise of Rail-Power in War and Conquest, 1833-1914. With a Bibliography*. By EDWIN A. PRATT. (London: P. S. King and Son. 1915. Pp. xii, 405. 7s. 6d.)

Designed as a textbook for the use of university students, *The History and Economics of Transport* presents in as simple and brief a manner as possible the major facts in the history of the evolution of modern transport, and the concomitant evolution of the complex economic problems which today are of such vital moment in the development of trade and industry. After an introduction covering the early history of overland and canal transport, and the economic problems associated therewith, the material is treated under three heads in separate sections of the book: The Railway in the United Kingdom and Abroad; Railway and Canal Economics; Shipping and Ocean Transport.

The most interesting chapters are those dealing with railway economics. This field is one in which controversy is rife and in

which conditions are changing with great rapidity, so that the average book on the subject is likely to present the matter in partisan fashion, to defend some thesis or expound some theory. The writers of the present volume have succeeded admirably in suppressing any special bias they may have had. They present the subject in an impartial manner. In clearing away the fog of argument and in throwing into relief the basic problems and conflicts which inevitably have arisen and must arise from the nature of the relationships between the operators of various forms of transport and the public, the authors have performed a real service.

The style of the book is marred occasionally by slipshod sentence construction, and the use of neologisms is too frequent to escape the notice of even the most casual reader. Otherwise, the book is ably prepared. And, while it is written entirely from a British point of view, the subject-matter is so fundamental in character that the book throws much light on American conditions and would serve as an excellent reference text in courses on railway economics.

As a statement of the history of rail power in war, *The Rise of Rail-Power in War and Conquest* is very serviceable and, at the moment, of great interest, since it contains the salient facts to be found only by searching through an immense number of technical books and reports. In a brief way it reviews the development of the use of railways in warfare and their employment for purposes of economic, political, and even territorial conquest in time of peace. The profound influences exerted upon military strategy by the introduction of railway transportation are pointed out in detail, and the gradual development and increase in complexity of this strategy is made clear by a study of the use of railways in the principal wars in the world since the year 1833. Especial care is given to showing the role played by railways as a causative factor in the tremendous increase in the size of armies, and in the widening of the radius of action of these enormous forces. This factor, to a great degree, has made possible the imperialistic expansion of several nations, particularly in Africa, and has, of course, reacted indirectly, but none the less profoundly, upon the economics of foreign trade.

The author considers the employment of railways in war under several heads: military railways, built solely for military purposes and not used commercially; strategic railways, built primarily

for the purpose of furthering military aims and conquests, but used commercially in time of peace; and commercial railways, used only incidentally in time of war. The history of these various types in their relation to actual warfare and to preparations for war is given for each of the important nations of Europe and for the United States, and the building and purposes of the strategic railways in Africa, Asia Minor, and elsewhere, is accorded extended treatment. Of especial interest are the chapters on Railway Ambulance Transport, Strategic Railways, and the development of special Railway Troops.

The work is well documented, and in treating of any country, the author, wherever possible, uses the works of native writers and the reports of the government in question to support his observations and conclusions. An excellent bibliography is appended.

JAMES BARDIN.

University of Virginia.

NEW BOOKS

BOSWORTH, G. F. *Ships, shipping and fishing. With some account of our seaports and their industries.* (London: Cambridge Univ. Press. 1915. Pp. 94. 1s. 6d.)

BROWNSON, H. G. *History of the Illinois Central Railroad to 1870.* University of Illinois studies in the social sciences, vol. IV, nos. 3, 4. (Urbana: Univ. of Illinois. 1916. Pp. 182. \$1.25.)

DAVIS, G. H. *Economic advantages resulting from port development. Address before the League of American Municipalities, Sept. 28, 1915.* (New Orleans, La.: Dameron-Pierson Co. 1915, Pp. 10.)

DOOLITTLE, F. W. *Studies in the cost of urban transportation service.* (New York: Am. Elec. Ry. Assoc. 1916. Pp. xxiii, 467.)

To be reviewed.

ENGLÄNDER, O. *Die Eisenbahnanschlüsse.* (Leipzig: Duncker & Humblot. 1915. Pp. 102. 3 M.)

FISHER, J. A. *Railway accounts and finance.* (London: George Allen; New York: Van Nostrand. 1916. \$4.)

GUBLER, F. *Die Anfänge der schweizerischen Eisenbahnpolitik auf Grundlage der wirtschaftlichen Interessen 1833-1852.* (Zürich: Leeman. 1915. Pp. 362. 5.80 M.)

KETCHUM, E. S., editor. *The traffic library. Application of tariffs within and from the official and Canadian classification territories.* Pt. 1. (Chicago: Am. Commerce Assoc. 1915. Pp. xiii, 294.)

KIBLER, T. L. *The commodities' clause. A treatise on the development and enactment of the commodities clause and its construction*

when applied to the interstate railroads engaged in the coal industry. (Washington: Byrne. 1916. Pp. 178.)

To be reviewed.

KINGSBURY, J. E. *The telephone and telephone exchanges; their invention and development.* (New York: Longmans. 1915. Pp. x, 558, illus. \$4.)

To be reviewed.

LUST, H. C. *Quarterly digest of decisions under the interstate commerce act.* Vol. 3, no. 1. (Fowler, Ind.: H. C. Lust & Co. 1915. \$3.)

McFALL, R. J. *Railway monopoly and rate regulation.* Columbia University studies in history, economics, and public law, vol. lxix, no. 1. (New York: Longmans. 1916. Pp. 223. \$2.)

MERRIAM, R. *Claims between shippers and carriers; a digest of the American decisions.* (Chicago: LaSalle Exten. Univ. 1916. Pp. xxxiv, 1815.)

TALBOT, F. A. *The Canadian-Pacific Railway.* (New York: Macmillan. 1915. Pp. 96. 55c.)

WYMOND, M. *Railroad valuation and rates.* (Chicago: Wymond & Clark. 1916. Pp. 344. \$1.50.)

To be reviewed.

The American mercantile marine. Proceedings of the Academy of Political Science of the City of New York, vol. VI, no. 1. (New York: Acad. Pol. Sci., Columbia Univ. 1915. Pp. iv, 208.)

The government ownership of railroads. (Norman, Okla.: Univ. Oklahoma. 1914. Pp. 112.)

New York Central Railroad; 1831-1915. (New York: N. Y. C. R. R. 1915. Pp. 31.)

Record of American and foreign shipping. Forty-eighth annual edition. (New York: Am. Bureau of Shipping. 1916. Pp. 1088. \$15.)

Traffic science and railroad accounting. (Minneapolis, Minn.: Intern. Law & Business Inst. 1916. Pp. 88.)

Trial bibliography on the New York, New Haven, and Hartford Railroad. Typewritten. (Washington: Bureau of Ry. Econ. 1915. Pp. 144.)

Twenty-seventh annual report on the statistics of railways in the United States for 1914. (Washington: Supt. Docs. 1916.)

Archiv für Eisenbahnwesen. Gesamt-Inhaltverzeichnis der Jahrgänge I-XXXVI (1873-1913.) Prepared by H. AUGUSWALD. (Berlin: Springer. 1914. Pp. 487.)

Trade, Commerce, and Commercial Crises

Commerce and Industry. By J. RUSSELL SMITH. (New York: Henry Holt and Company. 1916. Pp. vi, 596. \$1.40.)

The general appearance of this little book, together with its profuse illustrations, graphs, and diagrams, leads to the conclusion that it is intended for use in the vocational courses established in recent years by many high schools. Certainly it is too elementary for the college student or the general reader. Even for school boys the usefulness of a book may be doubted that compresses into so small a space a survey of the commerce and industry of the whole world. "I have had to tell fewer facts," says the author, "in order to leave space for the explanations. This makes less to remember, and more to understand." It is questionable, however, whether a very condensed explanation is any less tax on the memory than the fact it relates to, and whether the understanding grasps one more easily than the other.

It appears to the reviewer that the criticism here suggested applies to many of the vocational courses and the books called out by them, which seem to be growing popular. The effort to provide a short road to knowledge so that school boys, and sometimes also college students, may be prepared in brief time for some special work leads to two evils. One is the omission of many things essential to thorough education; the other is a superficial and smattering training in the things that are retained. It may be said that even superficial knowledge is better than none at all. And this may be true; the fault lies in calling such knowledge an education, and in diverting the energies of pupils from more fundamental studies by the unfulfilled promise of a special training.

A few examples, taken at random from the present book, will illustrate the danger of too great condensation. On the first page we are startled to find that our meat and milk come from animals that eat each other as well as from those that eat plants! A few pages farther on we are told that primitive or savage peoples are such because of the stinginess of nature's gifts to the land where they live, and not because of bad qualities they inherently possess. Would the author then attribute the condition of the Maoris and the American Indians, when discovered, to the climate or sterility of New Zealand and North America? If "it is a common mistake of historians to say that peoples have certain qualities inherently," is it not equally misleading to give the unqualified implication that physical environment alone "in making the race has given the

qualities"? On page 33 a mistaken cause is suggested for the diminished importance of the California wheat crop. On page 223 a wrong explanation is given of the real difference between "woolen" and "worsted" goods. On the next page occurs the misleading statement that the use of cotton in the woolen mills indicates "the diminished importance of wool"!

The volume contains many interesting facts and some useful explanatory matter, but it is inadequate as a textbook. Perhaps its chief value would be for occasional quick reference, because of its thorough index.

THOMAS WALKER PAGE.

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The British Coal Trade. By H. STANLEY JEVONS. (London: Kegan Paul, Trench, Trübner and Company, Ltd.; New York: E. P. Dutton and Company. 1915. Pp. xii, 876.)

In 1863 W. S. Jevons wrote his book on *The Coal Question*. Some fifty years later, his son, H. S. Jevons, has taken up this same subject in the present work entitled *The British Coal Trade*. The thesis of the father was that England's remarkable industrial development in the nineteenth century was in large measure the result of her abundant supplies of cheaply obtainable coal, and that the industries of Great Britain in a few generations would suffer real injury because of the scarcity of such coal. It was not complete exhaustion of Great Britain's coal that was feared, but rather the using up of the best deposits, which would eventually result in placing the industries of Great Britain at a disadvantage as compared with the industries of growing countries, such as the United States, for example. The son, with the aid of more recent statistics, also develops this same idea, and expresses the opinion that Englishmen, in the future, in carrying on commercial competition with other nations, must rely less upon exploiting the country's store of natural wealth, and more upon the advantages secured through the application of scientific skill and practical education.

The main interest of the son, however, is in the human side of the industry. He presents at considerable length a very sympathetic account of the miner's life and work, and of his trade union and political activities. Trade unionism, we are told, is very strong among the miners. The Miners' Federation of Great Britain, consisting of fifteen unions and two federations, has 670,-

000 members, and is growing rapidly. The federation acts for all the unions with respect to legislative and general trade matters, while wages and grievances are handled in each district by a conciliation board composed equally of representatives of the operators and of the miners, the former being chosen by the coal owners' associations, the latter by the miners' district unions. In spite of the elaborate machinery provided, the whole system broke down in 1912, mainly because of the inadequate earnings of certain groups of miners, who, for various reasons, were prevented from earning a full day's pay. The result was the national coal strike of 1912, when over 1,000,000 miners stopped work. The effect of the strike on industry was so severe that Parliament hastily passed a minimum wage act. This act established the principle for which the miners contended, a minimum below which wages should not fall. The actual minimum rates, however, were not specified in the act; these were to be determined by district boards. The strike of 1912 resulted, also, in welding the Miners' Federation into a much more compact body, so that today it is perhaps the strongest trade union in the country.

In placing an estimate on this book it should be borne in mind that it is not intended to be a scholarly treatise; there are practically no references to sources, and the author states that he has not been able to verify all his statements. It is admittedly a popular account, yet as such it has distinct limitations. It is altogether too detailed and too lengthy (there are 800 pages, not counting the appendix) for a popular narrative.

ELIOT JONES.

State University of Iowa.

NEW BOOKS

- ARIAS, G. *Porti italiani e porti del nord*. (Rome: Bodoni di G. Bolognesi. 1915. Pp. 12.)
- DICKS, A. J. *Trade and commerce. With some account of our coinage, weights and measures, banks and exchanges*. (London: Cambridge Univ. Press. 1916. Pp. 102. 1s. 6d.)
- DRESSLER, W. *Der europäische Schifffahrtsverkehr nach Australien*. (Munich: 1915. Pp. xi, 190. 5 M.)
- HESSE, A. and GROSSMAN, H. *Englands Handelskrieg und die chemische Industrie*. (Stuttgart: Enke. 1915. Pp. 304. 12 M.)
- LAITE, W. J., compiler. *Laite's commercial blue book for South Africa, 1915. A practical and comprehensive book of reference*

on *South African trade*. (Cape Town: S. African Pubs. 1915. Pp. 635. 10s.)

MÄRZ, J. *Die Zukunft des deutschen Aussenhandels*. (Berlin: Hermann Kalkoff. 1915. Pp. 88. 1.25 M.)

MENDEL, L. B. *Changes in the food supply and their relation to nutrition*. (New Haven: Yale Univ. 1916. Pp. 61. 50c.)

MORI, P. *Neue Wege schweizerischer Exportpolitik*. (Zürich: Füssli. 1916. Pp. 56. 2 fr.)

The bulletin. In the interest of trade between the United States and Sweden. Vol. IX, no. 2. (New York: Swedish Chamber of Commerce. 1915. Pp. 12.)

North Pacific ports. A compilation of useful marine, exporting and importing information for Alaska and the western coasts of Canada and the United States. Second edition. (Seattle: Terminal Pub. Co. 1915. Pp. 421.)

Océan shipping. The basic principles of marine transportation with particular reference to the foreign trade of the United States. (New York: Nat. Foreign Trade Council, 64 Stone St. 1915. Pp. 152. 25c. each, \$6. per 100.)

This publication gives a brief survey of the ocean shipping business from the point of view of government shipping policies. The following are the chief topics included: characteristics of the ocean shipping business, freight rates and the incidence of freight charges, earnings of ocean shipping, aids to shipping by foreign governments, United States policies toward merchant marine, relation of shipping to national defense, comparative costs of operating American and foreign vessels, Seaman's act and its effects, organization and services of the British Board of Trade, recent proposals for government legislation.

Official report of the second national foreign trade convention, held at St. Louis, Jan. 21-22, 1915. (New York: Nat. Foreign Trade Council, 1915. Pp. xxv, 284. \$1.50.)

Official proceedings of the third national foreign trade convention, held at New Orleans, Jan. 27-29, 1916. (New York: Nat. Foreign Trade Council. 1916. Pp. 500. \$1.50.)

Deals with commercial preparedness. In addition to reprints of addresses, discussions of the following problems are reported: Rehabilitation of the American merchant marine; Utilization of the tariff to encourage American foreign trade to protect it from discrimination; Adaptation of commercial education to the needs of foreign trade; Ways and means for smaller manufacturers and merchants to engage in and share the benefits of foreign trade; World trade conditions after the war; Coöperative foreign selling methods; Banking problems in foreign trade; and Foreign investment of American capital as an aid to export trade.

Trade directory of Central America and the West Indies. Miscellaneous series, no. 22. (Washington: Supt. Docs. 1915. Pp. 256.)

Year Book of the Merchants' Association of New York, 1915. (New York. 1915. Pp. 240.)

Accounting, Business Methods, Investments and the Exchanges

Sound Investing. By PAUL CLAY. (New York: Moody's Magazine and Book Company. 1915. Pp. 371. \$2.)

Investments and Speculation. By LOUIS GUENTHER. (Chicago: LaSalle Extension University. 1916. Pp. 281.)

The two books under review are among the latest additions to that great body of popular financial literature which has been almost wholly the growth of the last fifteen years. While the supply of "stupid people with stupid money" shows no sign of failing, there is at least hope that first aid education for investors will in time have some influence. Indeed, bond dealers are beginning to argue seriously that one reason for the increase in their business and the alleged relative falling off in savings bank deposits lies in the spread of investment education. However that may be, there is no lack today as there was a generation ago of popular, accessible manuals for the "small" investor.

Much of the new literature on investment and stock market subjects is hasty, temporary, weak, and unscientific. But as most of it lays heavy stress upon the cautions and precautions which investors should observe, the total effect can hardly fail to be both educational and beneficial. Few indeed are the books of this character which would not save thousands of the unsophisticated from serious losses, if the facts presented were both perused and acted upon. Whether from this early crop of ephemeral and sketchy books and booklets will arise a really serious and important work on the principles of investment remains to be seen. The reviewer can not but feel that with the work recently done in such closely allied and collateral fields as are represented by Ripley's *Railroads: Finance and Organization* and Dewing's *Corporate Promotions and Reorganizations*, an equally careful student will soon take up in the same way the subject, perhaps more difficult because broader and more vague, of investments in general.

Perhaps the main weakness of the popular books on investment is that their treatment is not severe and fundamental enough to keep them "up to date" for more than a few months. Several

chapters of Mr. Clay's book already need revision. He can hardly be held accountable for the fact that several of his frequent lists of securities with their "yields" need radical amendment; such is the penalty of writing in terms of current or timely treatment. It is all very well to sprinkle a book with suggested investments and the net income which they afford, but only a historical method of treatment will prevent these data from quickly becoming useless.

Sound Investing is arranged on an ingenious plan. First there is a 49-page section explaining the uses of the book. Then 150 pages are devoted to what on the whole is a sane and, for its purpose, almost adequate description and critique of the different types of securities, strangely omitting, however, all reference to real estate mortgages and bonds based upon them. The third section consists of about 60 pages devoted to an analysis of the individual needs and means of filling them, of all the leading classes of investors, ranging from laborers to universities. The treatment is too short to be quite satisfactory, but at least is suggestive. Perhaps the most valuable section of the book is the fourth and last in which sensible suggestions are made as to the choice of a bond house, how and when to buy and sell, the anatomy of a railroad report, a short cut for obtaining bond "yields," and the feasibility of successful speculation. Says Mr. Clay: "It is feasible . . . only to men possessing extremely rare qualities of mind and will; and to ordinary mortals it is about as easy to succeed in . . . speculation as it is to become a Homer, a Virgil or a Shakespeare." Mr. Clay has crowded a great amount of information into a small book. It is simple and for the most part sensible.

Mr. Guenther's book is improved by several interesting charts and illustrations. To cover the entire subject of "investments and speculation" in 281 pages of moderate size and very large type, is of course impossible. Mr. Guenther is pungent, pointed, and suggestive rather than in any sense complete or thorough. Aside from two pages devoted to amortization and sinking funds and a scattered paragraph or two on income yield, he leaves the mathematical and technical phases of his subject severely alone. His treatment of such a vastly important branch of securities as municipal bonds is far too brief. He hardly mentions a growing and very important class of investments, public utility holding company securities. Mr. Clay apparently does not mention them

at all, a strange omission indeed. Mr. Guenther affords an excellent account, considering the space at his disposal, of farm loans and mortgages, city real estate, and land booms. Neither of the writers touches upon that large and important class of securities, savings and loan shares. A slight but concrete feature of Mr. Guenther's book is the inclusion of a complete list of railroad guaranteed stocks.

In places the arrangement of material in *Investments and Speculation* is almost grotesquely illogical. For instance, three chapters on Pools and Manipulation, the Promoter's Place in Finance, and the Get-Rich-Quick-Lure are placed between a chapter on Panics and one on Business Barometers. Another even more curious juxtaposition is the placing of a chapter on the Mystery of a Balance Sheet between those on Efforts to Prevent Speculation and the Nature of the Exchanges.

Mr. Guenther has edited for some years a financial publication which excels in the exposure of worthless, stock jobbing enterprises. As might be expected his chapters on these subjects make interesting reading.

ALBERT W. ATWOOD.

Scientific Management and Labor. By ROBERT FRANKLIN HOXIE.
(New York: D. Appleton and Company. 1915. Pp. x,
302. \$1.50.)

This book "is based upon an investigation of scientific management in its relations to labor," made by the writer and certain collaborators for the United States Commission on Industrial Relations. The greater part of the volume is taken up with the appendices, exhibiting in the main the mechanism of the investigation, which includes "The labor claims of scientific management . . .," "The trade union objections to scientific management," "Vital points at issue between scientific management and labor . . ." and the voluminous "Questionnaire" (105 pages) sent to industrial establishments to collect data in addition to that obtained by personal visit. Little use was made of the "Trade union objections" or of the "Vital points at issue" in the investigation; and "designated" scientific management shops were tested by the "Labor claims of scientific management according to Mr. Frederick W. Taylor." This document is the distinctive organon of the investigation; scientific management is not compared (except incidentally) with the practice in other shops, but with these "claims."

The body of the book comprises part I, "Viewpoint and method," and part II, "Critical examination of scientific management in its relations to labor." The major portion of the second part consists in the detailed results of the investigation—"Scientific management in practice" (97 pages). Here are set forth numerous alleged discrepancies between doctrine and practice which the investigator found in the shops examined. Some of the particular topics dealt with are: "Methods employed in the selection and hiring of workmen"; "Time study and task setting: their purposes, methods and results"; "Rate making, modes of payment and the maintenance of rates." These topics, and others like them, have to do with matters of contact between scientific management methods and individual workmen. But the topic "Scientific management and industrial democracy" has to do only with collective labor. Also there are topics here dealt with which have no direct bearing on the interests of labor either individually or collectively: such a subject, for example, as "Functional foremanship." Whether a proprietor shall have a "planning room" or not is obviously no direct concern of labor, any more than the methods of cost accounting, insurance, etc., unless, that is, the laborers are held to be virtually copartners in the enterprise. A just examination of how any system of management affects labor should put indirect and collateral matters out of consideration and proceed upon the basis of the assumption of the usual prerogatives of management under the entrepreneur type of industrial society. And in particular an examination of scientific management should not represent it as more involved with matters of "democracy" than is industry in general.

So far as the results of the investigation of "Scientific management in practice" are confined to the domain of shop management proper, there is much adverse criticism which is well taken and which should be found tonic and useful. Space forbids comment on some of these things in detail, as well as on the criticisms that are not well taken. Overmuch is made of the fact, for example, that scientific management is not as "scientific" as it is represented to be. Of course this is so. It is the fashion of the age to misuse the terms science and scientific. Again it is an error in the interpretation of facts to represent that under scientific management practice the methods of work in a shop are kept in such a constant state of flux that there is little or no opportunity for collective bargaining. On the contrary, the

standardization of operations which obtains under scientific management makes for greater stability than exists generally in industry, and affords unusual opportunity for definiteness of contract. There is nothing inherently inimical to collective bargaining in scientific management principles and practice other than that it is difficult for a union, most of whose members are outside scientific management shops, to legislate for unfamiliar conditions; other than that it is difficult for a union to keep up its membership in a shop where workmen receive at the hands of the management exceptionally high pay and satisfactory general conditions of employment; and other than that it is difficult for unions to give up their propensities toward leveling. Scientific management does stand for differentiation of labor—the discontinuance of old style “herding” of labor. If unionists will consent to a sufficiently differentiated collective bargain there will be no conflict with scientific management. The fight is on, however, with those who hold to the principle of the “solidarity of labor.”

And this belief in the “solidarity of labor” is on the whole the attitude of mind of the writer of the book. Throughout there runs a quasi-syndicalist assumption of the virtual part-ownership of labor in industry; and hence the main indictment of the whole situation is not that individual workmen are oppressed under scientific management methods, but that “industrial democracy” has a hard time of it. An indication of the prepossessions with which the investigator and his two associates approached their task seems to be given in the following, taken from “Conclusions resulting from the investigation,” which was signed by all three and presented with the “Report” to the commission.

Neither organized or unorganized labor finds in scientific management any adequate protection to its standards of living, any progressive means for industrial education, or any opportunity for industrial democracy by which labor may create for itself a progressively efficient share in efficient management. And therefore, as unorganized labor is totally unequipped to work for these human rights, it becomes doubly the duty of organized labor to work unceasingly and unswervingly for them, and, if necessary, to combat an industrial development which not only does not contain conditions favorable to their growth, but, in many respects, is hostile soil.” (Appendix I.)

The reader of this book should bear in mind that scientific management is in politics and that attempts are being made to secure hostile legislation: and he should ask himself whether its effect as a whole will not be to further such legislation. Even if

this result were not intended, even if no legislation were pending, it is certain that it was intended (as shown by the above quotation) to arouse the antagonism of organized labor toward scientific management. The reviewer also feels justified in saying, from inside knowledge of scientific management, that irrespective of intent the effect of this book as a whole will be to multiply misconceptions and misunderstandings with regard to scientific management practice.

The most distinctive feature of the method of the investigation, as already stated, was the artfully prepared "Labor claims of scientific management" (Appendix II) with their "democracy" and "social unrest" and "equal voice" of labor with management, and the judging scientific management in practice for the most part by that standard instead of by the usual practice in industry. The reader should carefully note page 2 in this connection and also read Mr. Taylor's own published writings, and judge for himself whether there was not probable misunderstanding on Mr. Taylor's part when he subscribed to these "claims." Furthermore, it was manifestly improper to test Taylor principles (so far as Taylor principles are embodied in the "prepared" patent lawyer "claims") by the practice in any shops other than Taylor system shops. Yet this is what was done; and the particular class of "designated" shops in which the investigator "found things" is not specified. It is not to be overlooked in this connection that the investigator himself recognized Mr. Taylor's system as "applied with greater fidelity than those of his rivals" and as being "regarded in most quarters as scientific management par excellence and practically identified with the more inclusive term." (Compare pages 7 and 8 with page 3 and with the first page of the preface.) Only cases of failure to live up to real Taylor principles on the part of real Taylor shops would constitute damaging findings of an investigation.

Finally, mention may be made, as having a bearing upon the methods of the investigation, of the fact that both of the assistants appointed by the commission "to accompany the investigator in the examination of shops, and to insure the fairness and thoroughness of the study" were out and out labor men. This seems unaccountable in view of the fact that both of them were passed upon as "acceptable to each side" before appointment; but such things sometimes happen.

The reviewer does not wish to give the impression that this

book, even though the outcome of such a faulty investigation, altogether condemns scientific management in its relation to labor. There is a good deal that is commendatory, not only in that section called "Possible benefits of scientific management to labor and to society," but also here and there throughout the book. Indeed, the reviewer can not recall a book wherein he has observed such a marked blowing hot and blowing cold on almost every page. What is to be regretted most of all is that this investigation undertaken at public expense will probably fail of its socially most useful opportunity. The scientific management movement, heretofore too exempt from criticism for its good, may be deprived of the full benefit it should receive by reason of just resentment.

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The Elements of Industrial Management. By J. RUSSELL SMITH.
(Philadelphia: J. B. Lippincott Company. 1915. Pp. 291.
\$2.00.)

This is an elementary book on business policy and industrial management growing out of the author's course at the Wharton School, published for the benefit of "young men who are at work and have not the prospect of attending this kind of a college."

The book includes chapters on the nature and purpose of organization, the rise of modern industry and the labor problem, types of organization, especially the partnership and the corporation, the causes of failure in business, the advantages of large-scale production, overhead charges, dumping, standardization, how big an enterprise should be, location of industry and of a factory, the model factory town (Letchworth), the model factory, the quality of labor, employment, standardization in labor and labor conditions, wages, control of the working force, reorganizing works, symbols and records, and the relation of industrial management to economic organization in general.

To cover such a field, the book is necessarily sketchy. The author makes no effort to develop new ideas nor to discuss fully the many controverted questions of modern management. It is evidently a review of certain of the literature of the subject. The selection and arrangement show that the writer is strongly influenced by recent movements, especially that known as scientific management, though it must be said that quite irreconcilable views

find a happy and apparently undisturbed lodgment beside each other in his pages.

Professor Smith can not refrain from discussing the theory of wages. He punctures neatly the specific productivity theory in its weakest point, namely, the impossibility of determining the share contributed by any individual in a complex industrial unit. He then asks, "What sets wages?" and answers it himself: "Practically it is the other opportunity." Dimly suspecting that this is only placing the elephant under the tortoise, he concludes that the final opportunity is the ownership and cultivation of land. He then points out that this last opportunity has become practically non-existent. Thus, so far at least as this author is concerned, we are still left in the outer darkness as to what determines wages.

The last chapter, on Industrial Management Outside the Works, is marked by a considerable confusion of reasoning, as in his effort to prove that Frederick W. Taylor "has done more for socialism than Karl Marx or any school of theorists."

The author's unfamiliarity with the practice of management has led him into several errors of fact or interpretation; as, for example, when he says "the difference between expert work and standardized work is the fact that one can, the other cannot be reduced to written instructions." The fact is that scientific management is constantly reducing expert work to standardized work and then to instructions. The description of bonus systems shows an evident misunderstanding not only of the way they are actually used, but of the descriptions of them in the books by Taylor and Gantt. His statement that in a scientifically managed plant "the purchasing department might run automatically for months with the head of it away" would certainly be important if true. When he says: "Mr. Taylor would practically put out the existing management and run the plant during the time of installation, and then hand it over finally with the complete new staff," he is evidently unaware that this early practice of Mr. Taylor's was long since abandoned by him and his followers. His endorsement of Mr. John Mitchell's statement that scientific management "is just another means of getting a workman on the stretch and then keeping him there at a low wage" is not only inconsistent with his advocacy of the methods of scientific management, but is also contrary to fact.

The remark that "with regard to the fighting, the private is subject to the corporal, but with regard to his food, he is respon-

sible to the commissary department," is one of the many indications in current management literature that the terms "responsibility" and "authority" are still in need of clear definition. Evidently the responsibility of a director for policy, of an administrator for details, of an executive for the execution of orders, of a route clerk for determining the sequence of operations, of a bookkeeper for accuracy, and of a stockkeeper for the faithful guardianship and the efficient handling of stores, are widely varying "responsibilities." Here is a chance for some bright young man with nothing else to do.

It is hardly useful to point out the many inconsistencies of the work, inasmuch as they at least bring before the student conflicting views. We may also perhaps excuse the too frequent use of slang and the omission of acknowledgment to sources whose articles are rather fully abstracted without citation of authority, in view of the fact that the book is intended for "popular" consumption. This fact, however, does not excuse the absence of a selected and classified bibliography, which would add greatly to the value of the book.

C. BERTRAND THOMPSON.

Productive Advertising. By HERBERT W. HESS. (Philadelphia: J. B. Lippincott Company. 1915. Pp. xv, 358. \$2.50.)

This is a textbook for a general course of instruction in advertising. It contains 23 chapters averaging 15 pages in length, a table of contents, and an index. The subject-matter embodies the history of advertising, the psychology of advertising, the mechanical make-up, trade-marks, the advertising campaign, media, the advertising agency, the English of advertising, letter writing, economic and social implications of advertising, etc. Needless to say the author has not treated this wide range of subjects in detail. This, however, is commendable from the teacher's point of view, for while Professor Hess states the essential facts and principles in brief compass he does not usurp the teacher's function, which is to explain, illustrate, and develop these with the class. In every chapter there are carefully selected illustrations that illuminate the thought. At the end of each chapter are questions, so selected as to review the chapter and to stimulate constructive thinking; problems, the solution of which will ground the student both in the principles presented and in their application; and citations of collateral readings. In these references the page numbers should be given, otherwise the student will not read them.

It seems that the author should be classed as a member of the psychological school of economists. It may be that the psychological aspects of advertising, though extremely important, are given a disproportionate emphasis. The reviewer suggests that in the next edition the author eliminate or rewrite that portion of the volume devoted to the History of Advertising. Advertising items in ancient Greece, Rome, Egypt, and Jerusalem, the scraps of papyrus exhumed from the ruins of Thebes, and the engravings on the tomb of Diogenes are of no value to the advertiser of today. The author would have done better to trace briefly the market changes following the Industrial Revolution. The development of transportation, the extension of the division of labor with the consequent production of surpluses demanding exchange facilities, the territorial division of labor bringing about the concentration of industries and the growth of world markets are but parts of a general industrial movement which gives the manufacturer a continually extending market. The maker can not go with his wares; therefore he must distribute information (advertising) concerning his goods.

Following this introductory discussion I would bring in the chapter on trademarks which in my judgment the author now has out of its proper setting. Historically and logically the trademark should be given this connection. It is a mark of identification to protect the producer's good-will, to avoid substitution and to make possible the cumulative value of advertising. Historically it was protected by means of capital punishment as early as the thirteenth century and logically it is of the motivating force of advertising. It is the protection and identification which must be in the very beginning of advertising.

I would commend this book to instructors desiring a teachable text. It should be used as a beginning text and followed by the application of its principles in the practical problems of a constructive advertising campaign.

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Cornell University.

Industrial Leadership. By H. L. GANTT. (New Haven: Yale University Press. 1916. Pp. xii, 128. \$1.00.)

Addresses delivered in the Page Lecture series, 1915, before the senior class of the Sheffield Scientific School are published in this volume under the following titles: *Industrial Leadership, Train-*

ing Workmen, Principles, Results of Task Work, Production and Sales. Much of the material is familiar to those who have read Mr. Gantt's *Work, Wages and Profits* and his numerous periodical articles. The restatement in this series summarizes the author's views and experience to date, and marks a progressive broadening of interest from production exclusively to selling and distribution and an increasing tendency to generalize from his experience.

The old bias still crops out, however, in such statements as this: "The central idea of all industry is *production* and all our efforts should be bent on producing as efficiently as possible." Referring then to merchandizing he says: "The buyer . . . has his function as a distributor, which is very different from that of the producer; the two have had but little in common." But on the next page is this: "The problems of production and selling are in reality very closely linked." Then follows a general discussion of certain selling problems, in which Mr. Gantt naïvely discovers such laws as: "If we produce an article for which there is a large command, and sell it for a price which most people can afford to pay, the cost of selling that article in large quantities will be extremely small." Mr. Gantt italicizes this statement. The proposition is illustrated from the experience of the Ford automobile with reference to which he says: "This example seems to refute the theory held by so many business men that a high selling price is necessary to large profits." This discovery is followed by another to the effect that variations in the demand for consumable commodities in response to changes in price differ according to whether the commodities are necessities, luxuries, or conveniences; and this is neatly illustrated by a simple chart labeled "Effect of selling price on consumption."

Throughout the lectures, the author pays his respects to financiers and merchants and incidentally to economists for their failure to solve outstanding industrial problems and for their responsibility for most industrial evils. "Books on political economy are all very well," he says, "but in most cases they were written before the advent of modern industrialism, or by people who have too many times studied it from the academic standpoint." The only way out of the difficulty is to put our reliance on the engineer: "He is the only man who spans the whole gap between the capitalist and the working man and knows the mental attitude and necessities of each. It is on his shoulders, therefore, that must fall the burden of harmonizing their interests."

A due regard for Mr. Gantt's professional bias in favor of the

engineer and his apparent unfamiliarity with the problems, methods, and work of financiers, merchants, and economists will enable one to understand certain evident deficiencies in his treatment of industrial problems. For example, the statement on which he lays greatest emphasis is this: "The authority to issue an order involves the responsibility to see that it is properly executed." It would be hard to overestimate the value and significance of this as applied to the administrator who is concerned with the detailed execution of policies. But after all no degree of perfection in administration will enable a business to succeed which is based on mistaken policies. To formulate and execute policies is not the function of the administrator but of the director; and the ablest directors are rarely those who know the details of administration so well that they can be held responsible for seeing that the details are properly executed. With human limitations as they are, the director must rely for this on the administrator.

Granting that this book deals primarily with industrial administrative leadership, it contains a wealth of sound advice based on a wide and successful experience. As an organizer and administrator Mr. Gantt is doubtless, by reason of seniority and accomplishment, the leading exponent of the principles of scientific management, largely derived from the late F. W. Taylor to whom Mr. Gantt pays sincere tribute. In this book he lays down the principles of leadership by which he has himself attained the position of a leader. The formulation is loose and unschematic, but is usually clear and expressed in terms intelligible to the average student or reader.

This is not a scientific book nor an exposition of scientific management. It is "wisdom literature" for the guidance of men young or old who are engaged in the administration of industrial enterprises, and as such it is to be highly commended.

C. BERTRAND THOMPSON.

The Economics of Retailing. By PAUL H. NYSTROM. (New York: The Ronald Press Company. 1915. Pp. xi, 407. \$2.00.)

The dual aim of this book is "to present fact material" and "to suggest constructive thought on the subject of retail distribution." Neither of these is an easy task. Fact material about retailing is difficult to obtain unless one has more time and larger opportunity to accumulate it than is common. Constructive thinking on a subject so intricate as this and so difficult to understand completely (even in its least complex forms)

is rare and is not easily kept within the limits set upon it by the facts.

Mr. Nystrom has performed both of his tasks well. His facts are full and accurate. They evidently represent the fruits of his special investigations into various retail problems, which have been made public in his testimony before congressional committees and elsewhere. They also bear evidence of having been enriched by his work in extension lectures and merchants' short course work in western states while he was connected with the universities of Wisconsin and Minnesota. A further service is rendered in the suggestions for constructive thinking which grow out of the use of the facts in connection with underlying and accepted principles of economics.

The book opens with a discussion of merchandise distribution and the distributive system, including a statement of some of the most pressing problems of the retail distributing system, followed by a survey of the development of the system itself and a brief sketch of the history of the meager literature on the subject. The twelve succeeding chapters are made up chiefly of the fact material to which Mr. Nystrom refers in his preface. After a consideration of the consumer as one of the factors controlling the present system comes a group of chapters which outline the present status of retailing, particularly in relation to the principal items of expense—such as wages of sales people, and rent. These lead to a discussion of wages and rent which puts certain familiar economic problems before the reader in an entirely new dress. The same service is performed by the chapter on How Retail Prices are Fixed. Separate chapters are devoted to the department store, the chain store, and the mail order house; and the effect of each upon competitive conditions in retail distribution is made clear.

Chapters 15 to 19 deal with certain of the more complex economic problems involved in the operation of modern processes of retail distribution. A chapter on Price Maintenance leads directly to a consideration of the problem of inside prices. The other chapters in this group cover the live questions: Are there too many retail stores? public regulation of retail business; and the ideal retailing system.

Opportunities for constructive thought are by no means confined to these final chapters. For example, chapter 11, which strictly speaking belongs in the "fact material" section of the

book, includes a discussion of how retail prices are fixed and makes the point that the retailer is put to the necessity of knowing his costs accurately; it considers quite fully the part which speed of turnover has come to play in the problems of merchandise distribution; and touches upon fashion and the spread of the "one price to all" theory which has been accepted as a basis for widespread practice in retail stores. The conclusion of the chapter on *Are There Too Many Retail Stores?* does indeed afford ground for constructive thought.

In conclusion it may be stated that, from the standpoint of the entire public, there is nothing to indicate that the great number of retail stores adds anything to the burden of expense the consumer must bear. The high failure-rate in the retail business would seem to indicate that retail distribution is supported, in part at least, not by the consumers who patronize the stores, but by the great numbers who enter the business of retailing with capital accumulated in other occupations and then lose it in the retailing venture. The losses of dealers who fail are primarily the losses of the dealers themselves. Only in the most general way of speaking could one assert that the public must bear the burden. Certainly, no extra burden is added to the prices charged consumers because of the keenness of competition resulting from too many stores (p. 335).

Mr. Nystrom's final chapter will also repay careful reading. It considers the ideal retailing system and emphasizes the value of really scientific work in the investigation of the subject of merchandise distribution and particularly the retail field. He says:

It is probable that the greatest progress to come in retailing will not result from any readjustment brought about by public action, though this may be a necessary part of its evolution, but rather from a scientific study of the problem of distributing goods made by retailers and their sales-people themselves. The costs of distribution are admittedly too high at present for the services performed. If these costs could be generally reduced, for example, as much as 2 per cent, it would mean a saving of from \$200,000,000 to \$300,000,000 annually to the United States alone. This saving would first take the form of added profits to the distributors but ultimately would go to the consumers as a whole. But 2 per cent is a very conservative estimate of reductions that may be made when those engaged in the business shall have been properly educated for their work. It may not be too much to say that savings of twice or even three times this amount are possible.

This leads him to the conclusion that there is no reason why scientific study and education should not do for distribution something analogous to what it is doing for agriculture. The

process by which this is to be achieved, he intimates, will include not only an ascertainment and examination of the facts by detached scientists but a real spreading of scientific knowledge and sound scientific principles among those who are actively engaged in the business. Any such program as this obviously puts a new and large responsibility upon those educational institutions which are undertaking the preparation of men for business. There is abundant evidence that these institutions are responding to this new responsibility.

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NEW BOOKS

ALLEN, F. J. *Business employments.* (Boston: Ginn, 1916. Pp. 230. \$1.)

BAILLET, H. F. *Overheard expense and percentage methods; a lecture on the cost of doing business, explaining how to find it and what to do with it when found.* (New York: David Williams Co. 1915. Pp. 128. \$1.)

BARTHOLOMEW, J. R. *Direct reading interest tables.* Bond cage edition. (New York: J. R. Bartholomew, care of Lee, Higginson & Co. 1915. Pp. 63. \$5.)

BENTLEY, H. C. *Accounting problems.* Pt. 1, *Class problems.* Pt. 2, *Home problems.* (New York: Ronald Press. 1915. \$2.)

BOLTON, R. P. *Power for profit. Principles governing the use of machinery and labor in modern buildings.* (New York: De Vinne Press. 1915. Pp. 209. \$2.50.)

The purpose of this book is to set forth in non-technical fashion, for the benefit of real estate owners, the principles which affect expenditures of capital in connection with the services involved in the conduct of modern buildings, and the operation of heat and power generating machinery. Problems which modern inventions and habits have fastened upon ownership of real estate are dealt with, as, for example, expenses of sub-basements, cost of free services, depreciation of machinery, re-use of steam and water, operation of elevators, gas as a fuel, handling of labor, load factor, sanitary systems, and the deceptive appearance of unit costs. Necessarily the treatment is often rather summary. The chapter on Limits of Heating Work and Value contains 8 pages and touches upon determination of maximum heating requirements, seasonal fluctuations, lighting during the daytime, power for elevator service, low-pressure heating systems, and condensation of steam in mains and cylinders. On the whole, the book answers a definite need. The author has approached his problem in a common sense and practical manner

and has for the most part succeeded in vitalizing the principles with matter of concrete rather than general nature. The arrangement of material is convenient. In addition to a comprehensive index the margins of the pages are annotated in red.

MARTIN J. SHUGRUE.

- BOYER, C. S. *Waterways of New Jersey; history of riparian ownership and control over the navigable waters of New Jersey.* (Camden, N. J.: Chew Sons Co. 1915. Pp. 205.)
- BREED, ABBOTT, and MORGAN. *Digest of national and state food laws.* (New York: Nat. Wholesale Grocers' Assoc. 1916. Pp. 79.)
- BURGESS, K. F. and LYONS, J. A. *Burgess' commercial law. A text-book for all classes of schools and colleges in which courses are offered in commercial law.* (Chicago: Lyons & Carnahan. 1915. Pp. vii, 392. \$1.)
- BUSH, C. H. *Uniform business law.* (Baltimore: Rowe. 1915. Pp. x, 465. \$1.50.)
To be reviewed.
- CARTER, R. N., editor. *Advanced accounts.* (New York: Dutton. 1916. Pp. 980. \$2.)
- CHERINGTON, P. T. *The advertising book, 1916.* (Garden City, N. Y.: Doubleday Page. 1916. Pp. ix, 604. \$2.)
- DUFF, A. M. *Fifty hours a week wage calculator.* (Boston: A. M. Duff. 1916.)
- DU PONT, A. *A method for ascertaining the non-monopolistic value of the property of public utilities.* (Cleveland: A. B. Du Pont. 1915. Pp. 31.)
- DUTTON, E. C. *Principles and cases on the law of contracts (abridged).* (Baltimore: Hepbron & Haydon. 1915. Pp. 370. \$2.50.)
- FARNHAM, D. T. *Sales versus operating department.* (New York: The Emerson Co.)
- FITCH, J. K. *The Fitch bond book describing the most important bond issues of the United States and Canada.* 1915 edition. (New York: Fitch Pub. Co. 1915. Pp. 976. \$15.)
- FITCH, J. K. *Railroad mortgage maps.* (New York: Fitch Pub. Co. 1915. \$25.)
- GEIGER-JONES CO. *Non-taxable incomes.* Eighth edition. (Canton, O.: Geiger-Jones Co. 1916.)
- HAMILTON, B. *Practical law; a treatise on business law especially compiled for schools that teach accounting, business practice, office methods and kindred subjects.* (Battle Creek, Mich.: Ellis Pub. Co. 1916. Pp. 255. 75c.)
- HARTFIELD, J. W. *Sterling produce tables, transferring the cost of*

any article from cents per lb. into sterling per cwt, of 112 lbs., ranging from .05 cents to 15.95 cents by .05 cent per lb., and from 1/16 to 15/16 cents by 1/16 cent per lb., exchange from \$4.50 to \$4.74 by single points. Including ocean and western through freights. An appendix to John C. Hartfield's original book, issued in 1893, containing exchange from \$4.75 to \$4.89. (New York: J. W. Hartfield. 1915. \$2.50.)

HEFT, L. *Holder of railroad bonds and notes: their rights and remedies, treating particularly of the receivership and of the reorganization of the road, of the foreclosure of the mortgage and of the other proceedings to realize on the security.* (New York: Dutton. 1916. Pp. xvi, 419. \$2.)

To be reviewed.

HOLDEN, J. G. *Interest tables and formulae, with examples and derivations.* (New York: Appleton. 1916. Pp. 141. \$1.)

HOOVER, S. R. *Salesmanship.* (New York: Macmillan. 1916.)

HUDDER, E. R. *Indexing and filing: a manual of standard practice.* (New York: Ronald. 1916. Pp. 304. \$3.)

HUNTER, J. *Thinking in figures; commerce, finance, and accounts, business systems and short cuts.* (Atlanta, Ga.: J. Hunter. 1916. Pp. 240. \$5.)

MARSHALL, J. W. *Standard improved rate tables for manufacturers, engineers, bankers, brokers, contractors and shippers.* (Brooklyn: Boorum Pease Co. 1915. Pp. 147. \$3.)

MARTIN, E. *The business builder; the how and why of student salesmanship for parent solicitors.* (Chicago: Compton & Co. 1915. Pp. 170.)

MEAD, E. S. *Corporation finance.* Revised edition. (New York: Appleton. 1915. Pp. 478. \$2.)

MEISNER, E. *Das Verhältniss des Künstlers zum Unternehmer im Bau- und Kunstgewerbe.* (Leipzig: Duncker & Humblot. 1915. 2.80 M.)

MOODY, J. *How to invest money wisely.* Third edition. (New York: Moody's Investors Service. 1915. Pp. 175. \$2.)

RAYMOND, W. L. *American and foreign investment bonds.* (Boston: Houghton Mifflin. 1916. Pp. x, 324. \$3.)

To be reviewed.

ROYER, C. *Traite théorique et pratiques des sociétés anonymes, suivi de formules annotées concernant tous les actes de la vie sociale.* (Paris: Marchal et Godde. 2 vols. 20 fr.)

SCHREFFLER, R. B. *Department store statistics with the aid of the slide rule.* (Chicago: R. B. Schreffler, 215 S. Market St. 1915.)

SCHWAB-FELISCH, H. *Der Begriff der Warenqualität in der Sozialökonomik.* (Karlsruhe: Braun. 1915. 2 M.)

- SHAEFFER, W. A. *Metropolitan system of bookkeeping, embracing theory and practice of bookkeeping and accounting for high schools.* Parts 3, 4. (Chicago: Metropolitan Textbook Co. 1915. Pp. vii, 209-395. \$1.)
- SHUE, E. V. *Sound principles for retail merchants and sales-people.* (Milwaukee: C. N. Caspar, 454 E. Water St. 1915. Pp. 53. 50c.)
- SEABROOK, S. L. *The credit man's counselor.* (Chicago: Counselor Pub. 1915. Pp. 415. \$5.)
- SKINNER, E. M. and others. *Credits and collections.* (Chicago: La Salle Exten. Univ. 1916. Pp. 266. \$2.)
- SODERGREN, P. J. *Principles of advertising.* University extension bulletin no. 10. Second edition. (Iowa City: State Univ. Iowa. 1915. Pp. 14.)
- SULLIVAN, J. J. *Pennsylvania business law.* Fourth edition, revised and enlarged. (Philadelphia: Lippincott. 1915. \$4.)
- TIFFANY, F. B. *Legal and business forms (other than court forms and forms peculiar to corporations) including forms of deed, wills, mortgages, leases, bills of sale, etc., with explanations and notes.* (Kansas City, Mo.: Vernon Law Bk. Co. 1915. Pp. 1448. \$7.50.)
- WERNER, F. *Kameralistische oder kaufmännische Buchführung namentlich für staatliche oder städtische werbende Betriebe.* (Leipzig: Gloeckner. 1915. Pp. 130. 5 M.)
- WHITTEY, R. G. *Whitney profit teller; published especially for the use of retail grocers and marketmen.* (Worcester, Mass.: Commonwealth Press. 1916. \$3.75.)
- WILDMAN, J. R. *Principles of auditing.* (Brooklyn: Hewitt Press. 1916. Pp. 196.)
To be reviewed.
- WRIGHTINGTON, S. R. *The law of unincorporated associations and similar relations.* (Boston: Little, Brown & Co. 1916. Pp. xxvi, 486. \$5.)
- YANCKWICH, H. M. *The fundamentals of business law with legal forms.* (Portland, Ore.: H. H. Yanckwich. 1915. \$2.50.)
- The American Association of Public Accountants year book, 1915.* (New York: Ronald Press. 1916. Pp. 363. \$1.65.)
- Credit man's diary, 1916.* (New York: Nat. Assoc. Credit Men. 1916. Pp. 223-368. \$2.)

The title of the volume is somewhat misleading. It is a diary but in addition it constitutes a very useful legal manual for credit men, over 200 pages being devoted to summaries and synopses of laws and legal processes of special interest to grantors of credit. Both federal and state legislation is treated, but as might be expected the exposition of state laws occupies the major portion of the text. The laws

dealing with various legal remedies and processes affecting the creditor, such as garnishment or attachment, mechanics lien, chattel mortgages, as well as the exemptions to which debtors are entitled, are summarized state by state. Likewise are given synopses of state laws concerning certain fraudulent practices of debtors—use of fictitious names, the sale of stocks of goods in bulk, worthless checks, and false statements. Here may be mentioned also the summaries of the uniform negotiable instruments law, the statutes of frauds, and the laws concerning arrest in civil cases. State laws concerning the rights of married women, trusts, and foreign corporations are not neglected. The national bankruptcy act is taken up in detail, and a list of references is appended.

H. R.T.

Harvard system of accounts for retail grocers; explanation of the profit and loss statement. Bulletin of business research. (Cambridge: Harvard Univ. 1916. Pp. 24. 50c.)

Labor. Library of factory management, vol. IV. (Chicago: A. W. Shaw Co. 1915. Pp. 216. \$3.)

This book is a compilation of articles and contributions on various topics relating to the handling of labor in the factory. A number of the contributors are executives in different industries; others are writers on the staffs of certain engineering periodicals; and a few of the contributions come from efficiency engineers. The book is well arranged and is as continuous as could be expected of a compilation. The subject is not exhaustively treated, and the economic side of the problem is wholly avoided; but still the book is very helpful from a practical viewpoint.

While in the main the statements of fact are correct, there are occasional errors and ambiguities. For example: in discussing piece payment systems, the bonus system in particular, it is stated that "one weak point of the bonus system" is that "It does not . . . provide for increasing automatically the reward when the standard has been exceeded." As usually and correctly applied, the bonus is not fixed, but is so arranged that the more work done by the workman after attaining the standard, the more pay he receives. The misstatement is excusable, however, for there is a fairly general lack of knowledge on this point. The criticism proceeds to state that there is no "commensurate rewarding of a workman for increments in his efficiency short of the standard." This is, as a rule, correct; the underlying idea is that to earn high wages a definite, high standard must be attained, and the high wages are offered as an incentive to reach it. While no reward above day-rate is given for any increase between ordinary output and the standard, it should be noted that neither is there any deduction from day-rate for not reaching the standard.

Detailed descriptions of time-keeping systems are given, which should prove helpful; the list is a long one, and, although one of the best is omitted, those which are given are all good. There is a very interesting chapter on the introduction of a new system of payment in

a foundry; interesting because it shows so well how difficult it is to overcome the workman's conservatism and to convince him of how much work he can really do with pleasure and profit to himself. There is also an interesting chapter on fatigue, which is a good introduction to that phase of management.

FREDERIC G. COBURN.

Michigan C. P. A. manual 1915. (Ann Arbor, Mich.: State Board of Accountancy. 1915. Pp. 183.)

This is an excellent compilation of examination questions (1906-1915) and other matter relating to the profession of certified public accountancy in Michigan. The purpose of the manual is threefold. It aims, first of all, to furnish the business public and the profession in general with an exact idea as to the quality and the scope of the tests which have been met by persons awarded the C. P. A. degree from Michigan. Secondly, it wishes to enable prospective candidates to judge of their own fitness and preparation to pass examinations along similar lines. Finally, it will make it possible for accountancy boards of other states to determine, in cases of prospective reciprocal arrangements, the standards maintained in Michigan. The examination questions cover the four usual subjects, theory of accounts, auditing, commercial law, and practical accounting. It is gratifying to note that the questions on accounting and auditing, especially those of more recent date, are a distinct departure from the realm of the mysterious and strange terminologies, altogether too common as yet in certified public accountancy.

Other features of the book are: a list of the members of the Michigan State Board of Accountancy; register of Michigan C. P. A. certificates; historical statement of the profession in general; first Michigan C. P. A. law; Michigan C. P. A. law of 1913; State Board of Accountancy blanks; synopsis of C. P. A. laws of various states; and constitution, by-laws and list of members of the Michigan Association of Certified Public Accountants.

M.J.S.

Questions set at the examinations of candidates for the certificate of certified public accountant in Illinois, 1903-1912; 1914; 1915. (Urbana: Univ. Illinois. 1912; 1914; 1915. Pp. 159; 31; 24.)

The first bulletin contains fourteen sets of examination questions for the certificates of certified public accountant held in Illinois at various times from 1903-1912. These questions embrace four subjects: practical accounting, auditing, theory of accounts, and commercial law. The questions for 1914 and 1915 (unbound) are of a similar nature. To the student preparing for the degree of certified public accountant these examinations will be of especial value because of their wide scope in character and time. And to the teacher who is looking for problems illustrating principles rather than technicalities they will furnish a considerable number of concise and pointed questions.

M. J. S.

Synopsis of decisions and recommendations relating to special accounts. (Washington: Assoc. Am. Ry. Accounting Officers. 1915. 75c.)

1915 *C. P. A. problems and solutions*, vol. 2. (New York: Ronald Press. 1915. Pp. 375. \$3.)

Gives examinations of Illinois, May, 1915; New York, June, 1915; Massachusetts, Oct., 1915; and Missouri, December, 1914.

Capital and Capitalistic Organization

The Prevention and Control of Monopolies. By W. JETHRO BROWN. (New York: E. P. Dutton and Company. 1915. Pp. xix, 198. \$2.25.)

The author of this book is (or was in 1912 when the reviewer made his acquaintance) a professor of law in the University of Adelaide, South Australia, although, strangely enough, his academic position does not appear among his other honors listed on the title-page. In Australia he is well and favorably known as a careful scholar and a popular lecturer and writer on socio-legal topics. In 1912 he was appointed to succeed Sir John Gordon as chairman of a Royal Commission on the Australian Sugar Industry, an industry in which the Colonial Sugar Refining Company occupies much the same position as that held by the Standard Oil Company in the oil business of this country. As he had long been a student of the problem of monopoly this practical experience served to supplement his academic studies and adds greatly to the value of his conclusions in the work now before us.

Professor Brown's approach to the problem of monopoly is bound to appear to most readers a peculiar one. He devotes nearly one fifth of his book to a consideration of the claims of syndicalism. This is because of no sympathy with the theories or methods of this peculiar philosophy but rather because he believes that the monopolistic power exercised by trusts and combines affords "a colour of plausibility to the propaganda of syndicalism." "So long as organized society provides no means for insuring that monopoly prices shall be fair and reasonable, the syndicalist has at hand a weapon of incalculable power."

The earlier chapters of the book deal for the most part with certain suggested methods of preventing monopolistic control, viz., limitation of corporate size, publicity, legislative regulation and administrative supervision of competition, public competition and limitation of profits. The first of these methods he considers inexpedient (at least outside the United States); to the next two he grants the possibility of partial success; and to the last two

there is the objection that they will lead to inefficiency in production. Nationalization he regards as "a policy of limited application." The author therefore comes to public control of monopoly prices as the method likely to be the most practicable where publicity and public regulation of competition prove inadequate. To the objections usually offered to such a policy he replies that it is not prices in general but only monopoly prices which are to be controlled and he further points to the success of wages boards and arbitration courts in controlling wages in Australia and to the success of railway commissions in the United States in regulating railway rates as evidence that such a control of prices is not beyond the powers of government.

The concluding chapters of the book furnish an account of monopolistic conditions which have grown up in the Australian sugar industry; of the recommendations of the Royal Commission appointed to investigate these conditions, and of the legislation of the Commonwealth government creating an Interstate Commission to exercise control over interstate commerce and to regulate monopoly prices. An appendix gives a bill proposed in the Queensland Parliament in 1913 for the creation of Cane Price Boards, similar in powers and functions to the well-known wages boards.

The novelty of these suggestions and legislative experiments as well as a certain similarity between Australian and American conditions warrants the reviewer in recommending to American students of monopolies a careful perusal of Professor Brown's well-written book.

M. B. HAMMOND.

Ohio State University.

NEW BOOKS

- COTTER, A. *The authentic history of the United States Steel Corporation.* (New York: Moody Mag. & Bk. Co. 1916. Pp. x, 231.)
- GERSTENBERG, C. W. *Materials of corporation finance.* Second edition. (New York: Prentice-Hall. 1915. Pp. 1023. \$4.)
- HARVEY, R. S. and BRADFORD, E. W. *A manual of the federal trade commission.* (Washington: Byrne. 1916. Pp. xxii, 457.)
- KENNAN, G. *The Chicago & Alton case; a misunderstood transaction.* (Garden City, N. Y.: Country Life Press. 1916. Pp. 57.)
- NEARING, S. *Anthracite. An instance of natural resource monopoly.* (Philadelphia: J. C. Winston Co. 1915. Pp. 251. \$1.)

RIPLY, W. Z. *Trusts, pools, and corporations*. Revised edition. (Boston: Ginn. 1916. Pp. xxxiii, 872. \$2.75.)

Labor and Labor Organizations

The Boycott in American Trade Unions. By LEO WOLMAN. Johns Hopkins University Studies in Historical and Political Science, Series XXXIV, No. 1. (Baltimore: The Johns Hopkins Press. 1916. Pp. vii, 148. \$1.25.)

The quarter-million-dollar fine in the Danbury Hatters' case and the recent Clayton amendment to the Sherman anti-trust law have combined to make Dr. Wolman's monograph of particular interest and value. In this, the second book thus far published in English on the boycott, Dr. Wolman tells for the first time the story of this labor device as gleaned from the monthlies, convention proceedings, and other literature of various national and international unions. His study is an admirable complement to former researches. The special contribution of the book is the analysis of the boycott on materials.

After describing the nature of the boycott and sketching the history of its employment in this country, Dr. Wolman discusses at length boycotts on materials and boycotts on commodities. The former consists of "an appeal to organized labor to reject certain commodities on which or with which they are asked to labor." These are waged, according to the author, either through a desire to secure work for unionists or to help less fortunate workers. Boycotts on prison-made goods, formerly of frequent occurrence, were largely motived by the first consideration. The boycotts of the Brotherhood of Carpenters and Joiners on non-union trim, have had, on the other hand, as their primary objects the bettering of the conditions of the men, women and children of the mills. That such boycotts have frequently been attended with distinct success is indicated by the result of those waged in New York City, where 189 of the 230 woodworking mills were reported as organized twelve years after the commencement of the boycotting campaign.

Certain tendencies, the author declares, are leading to the disuse of boycotts on materials. Among them are legal interference and popular opposition to sympathetic strikes. The more inclusive methods of trade union organization and the development of trade federations are, on the other hand, tending to make these boycotts more frequent and effective. Boycotts on commodities are em-

ployed even more generally than those on materials, as they involve less sacrifice, appeal to a wider group, and may be resorted to when the weakness of organized labor precludes the use of the other form. According to the author, city labor councils are perhaps the most effective of the boycotting agencies.

Dr. Wolman clearly describes the various methods of enforcing boycotts; considers the almost insuperable obstacles in the way of boycotting monopolized goods; describes the trade union regulations that attempt to prevent indiscriminate use of this weapon; discusses the relative boycotting propensities of trade and industrial unions; emphasizes the fact that "the effectiveness of the boycott consists in its potential rather than its actual accomplishments," and in a most important passage, justifies the boycott as indispensable to the organization of many trades. He declares:

The boycott arises, first, where organization by any other means is either impossible or unlikely because of the apathy of workmen or the hostility of employers, and, second, to supplement strikes which threaten to be unsuccessful. Without it organization in many trades would have been either impossible or long delayed. . . . Nor is it correct to assume that the need for the boycott as an organizing agency has now passed. Organization has doubtless within the last ten years received an additional impetus, but there still remain whole sections of industries and individual establishments which it will be impossible to organize without the employment by the laborers of their combined purchasing power. . . . Regarded, then, as a resource of trade unionism, the boycott performs an important service in fostering the growth of organizations that have for several generations developed with the sanction and support of societies.

It is to be hoped that this monograph may be read by all of those jurists who have been prone to substitute invective against this "malicious," "illegal," "unjustifiable" weapon for impartial, clear-headed analysis. The book, of course, is also heartily to be recommended to all students of the labor problem.

A few minor criticisms, however, suggest themselves. Although it is undoubtedly true that the boycott is likely to arise under the conditions specified by Dr. Wolman, its emergence, at least in the case of the boycott on commodities, depends to a very considerable extent on the character of the article handled. In the case of commodities such as cigars, bread, beer, hats, that are purchased extensively and regularly by organized labor and can be effectively boycotted with slight expenditure of effort, this weapon is likely to be resorted to even though the problem of

organizing the workers is not more than usually difficult. Nor should it be assumed that, once industry is fairly well organized, the boycott has no further legitimate function to perform. In one or two instances Dr. Wolman's definitions might also be called into question. In the early part of the book, for instance, he defines a secondary boycott as, "a combination to withdraw patronage from a person in order to force that person in turn to withdraw his patronage" from the boycotted firm. However, a secondary boycott may arise when mere persuasion is used to induce a third party to cease relations with the boycotted firm, unaccompanied by threats of withdrawal or actual withdrawal of patronage.

A more complete utilization of the reports on the boycotts of the New York, Wisconsin, and Illinois bureaus of labor of the eighties and nineties and of the numerous significant legal proceedings, and a more detailed examination of the ability of the boycott to function when waged against the great modern corporation would have made the monograph of even greater value as a guide book on this big problem of the labor world.

HARRY W. LAIDLER.

The Helper and the American Trade Unions. By JOHN H. ASHWORTH. Johns Hopkins University Studies in Historical and Political Science, Series XXXIII, No. 3. (Baltimore: The Johns Hopkins Press. 1915. Pp. iv, 134. \$1.00.)

This intensive study of the helper and the trade union is based, largely, upon trade union documents, personal correspondence, and experience. In his introduction the author defines the term "helper," and differentiates him from the apprentice and from other subordinate workers. Characteristics of helpers suggested by previous writers are not sufficiently explicit to identify him. (a) Helpers are older than apprentices, (b) they are restricted to unskilled work, (c) they do not use the tools of the journeyman, (d) they are not under the jurisdiction of the union. The unfailing marks of a real helper are two: (1) "He is employed to promote the work of another"; (2) "he is supervised in his work to some extent by the mechanic whom he assists." The apprentice, on the contrary, is engaged primarily to learn a trade. The "essential difference between the two classes . . . lies in the purpose of employment." The helper may be separated from other subordinate workers, because the latter are not under "subjection . . . to the authority of a fellow workman."

Having defined and differentiated the helper from others, the author shows how he affects and is affected by trade union regulations. This analysis is made in four successive chapters.

1. Unions object to helpers mainly because they tend to disintegrate and to overcrowd the trade. The method of dealing with the helpers varies with the union. Some demand the use of helpers, others are indifferent to their employment, while still others attempt to regulate conditions under which they are received. This latter group includes the trades in which the helper has given the union the greatest concern. Efforts have been made to prevent the promotion of helpers, but certain obstacles have foiled most of these attempts.

2. Three methods of employing and compensating helpers are practiced. The journeyman may hire and pay the one aiding him; the helper may be employed by the skilled worker but compensated by the employer; or he may be engaged and paid by the employer.

3. In their endeavor to organize helpers, unions have developed two policies. In the one case they are organized entirely apart from the journeymen; in the other they are organized "under the jurisdiction of the journeyman's union." Formerly unions gave little concern to organizing helpers, but later greater interest has been manifested. Division of labor, clearer conception as to mutual relations between a skilled worker and the one aiding him, and the difficulty of controlling the helper when organized independently or when unorganized, were the forces commanding a changed attitude.

4. In the concluding chapter the author attempts to estimate the value of the trade union policy in dealing with helpers, by applying the standard of "economic welfare and social justice." Generous treatment with regard to promotion and organization of helpers is urged. The reward for such a policy would be a higher grade of workers, greater industrial efficiency, higher trade union standards, and the satisfaction of "democratic ideals."

The author has collected much valuable material and has presented it in a logical order and in readable form. The definitions are clear and criticism is substantiated by example. He suggests that since "the body of helpers as here defined obviously includes all auxiliary workmen or assistants connected with a trade or industry," his use of the term helper does not coincide with "existing practice in many trades." It is also worth while to inquire if, in practice, apprentices and helpers always constituted separate, dis-

tinct groups such as the documentary materials suggest. For example, "berkshires" and apprentices in the iron molding industry formed distinct classes of workers. Historically they represented separate groups and were so classified by journeymen and by employers. In practice, at least in some localities, they were hopelessly confused. It appears that, in such cases, there was little if any distinction from the point of view of the "purpose of employment," in the supervision exercised by journeymen, or as to the opportunities of each to learn the trade. "Bucks" were sometimes counted when checking up the number allowed under apprentice rules, while the service rendered by the son who as an apprentice was taught the trade by his father was not different from that performed by the "berkshire" serving another journeyman. At times this breakdown of the two systems seems to have been more or less general. Is it possible that when the helper expected promotion and hoped ultimately to gain entrance to the trade and to command the standard rate, that the helper system was regarded not only as a method whereby journeymen obtained unskilled service, but also as a means of recruiting the trade? In such cases the "purpose of employment" of the two classes of service did not differ greatly in actual practice, and the "essential difference" between the systems became somewhat obscure.

To what extent does the helper system exist in modern industry? Since the helper served a "skilled journeyman" and the apprentice was also taught by the mechanic, both of these systems have declined with the passing of this skilled worker. In the machinist's industry, where the helper has been "of the greatest concern" to the union, few helpers and still fewer apprentices are found. Workers are engaged to perform specific tasks. They are termed machinists, are paid the standard rate for their class, and are accepted by the union. An "industry" has supplanted a "trade."

This monograph is by far the best study made of the subject and is in every way a substantial piece of work.

JAMES M. MOTLEY.

Brown University.

Studies in Vocational Diseases. I. *The Health of Garment Workers*, by J. W. SCHERESCHEWSKY. II. *The Hygienic Conditions of Illumination in Workshops of the Women's Garment Industry*, by J. W. SCHERESCHEWSKY and D. H. TUCK. Public Health Bulletin No. 71. (Washington: U. S. Public Health Service. May, 1915. Pp. 224; plates, charts. \$0.40.)

This report is of the usual bulletin size, with a detailed table of contents, a brief introduction, extensive tables of various findings, including two large infolds, a number of half-tone illustrations, many charts, and a number of extensive and carefully prepared appendixes. Summaries, conclusions, and recommendations are carefully made and easy to find. There is no index.

Part I comprises the first 103 pages and represents a large amount of carefully compiled statistical matter covering practically all phases of personal health data. The data collected have been greatly condensed, so that a minimum of space is used and much time is saved to the reader. The methods of inquiry adopted appear exemplary. The research was undertaken in a field of industry in which no *occupational diseases* have been recognized, but in which *diseases partly occupational* are very common. The author has characterized workers at different trade-processes according to their physical defects and complaints. As a class, garment workers show only about 2 per cent free from defects, with tuberculosis the most serious disease, and its prevalence among males three times as common as among females—the rate among males being ten times as common as among soldiers in the federal army. Low wages, housing, improper work postures, sedentary and indoor work, are among the chief causes. The average earnings of female garment workers is \$7.25 per week, “a sum insufficient for complete economic independence in a city the size of New York.” Defective vision of both eyes occurred to the extent of 57 per cent, of which 11.7 per cent wore glasses, and of these only about 20 per cent had the defect wholly corrected by the glasses worn! *Pyorrhea alveolaris* was found present in 25.7 per cent of males and 16.7 per cent of females. Many similarly striking findings are brought out. Contrary to expectations, excessive dryness of the atmosphere which so largely obtains in factory workrooms, offices, etc., in general, appears not to be a factor in the garment trades. Dust and “fly” are emphasized as a hazard, but no accurate determinations of the same were made. Recommendations are comprehensive and lay special stress upon personal hygiene, physical examinations and “prophylaxis resulting from an ingrained knowledge . . . from a public school education.”

Part II, with tables and appendixes, comprises 119 pages, devoted to a careful analysis of the conditions of illumination in a

group of 39 workshops containing 45 workrooms, the illumination being determined upon the working planes in connection with 8 trade-processes. The principles underlying natural and artificial illumination are stated and illustrated, after which the details of the investigation, with elaborate charts and illustrations, are given. In general, departures from correct principles in illumination were present in a little over half of the working planes measured. The raising of the minimum standards for the different factors in illumination is another commendable conclusion, and in keeping with the contentions of illuminating engineers and the recent discoveries in artificial lighting. One appendix gives a striking example of the effects of rearranging the work planes in a workshop in which, previously, daylight illumination was less than 1 foot-candle over about $2/3$ of the floor space, whereas, after rearrangement, it was at least 5 foot-candles over all, and, further, showed presence of a considerable area of unused floor space. This part of the book might well be taken in conjunction with the rather extensive First Report of the Departmental Committee on Lighting in Factories and Workshops, issued by the Home Office of Great Britain (1915, 3 vols.).

Shereschewsky and Tuck's work is very opportune in the progress of the development of the greater conservation of energies in this country through proper industrial hygiene.

EMERY R. HAYHURST.

Women in Modern Industry. By B. L. HUTCHINS. (London: G. Bell and Sons, Ltd.; New York: The Macmillan Company. 1915. Pp. xix, 315. \$1.25.)

A volume on women in industry by the woman who has written the history of factory legislation in England will be welcomed by those interested in problems connected with the employment of women. The scope of this new book by Miss Hutchins is not very accurately described by the title. It is confined quite definitely to a study of the effect of the "industrial revolution" upon women's work (using the words "industrial revolution" in their "broader sense, not as an event of the late eighteenth century but as a continuous process still actively at work") and to the study of the relation of women to the trade union movement. The book also contains a brief but scholarly summary of the history of the employment of women in England before the Industrial Revolution. There are many controversial points connected with the effects of

the industrial revolution on women's work, and in a book of this size they can not all be dealt with adequately; but Miss Hutchins' rare familiarity with the sources of English industrial and social history in the nineteenth century has made it possible for her to shed new light on many of these questions. The two chapters on "women in trade unions" deal at some length with the United States and Germany as well as with England, but the section on the United States contains no new material for American students.

A most valuable chapter is contributed to the book by Mr. J. J. Mallon, secretary of the Anti-Sweating League, on "Women's wages in the wage census of 1906." Mr. Mallon not only analyzes the data that are to be found in this great collection of wage statistics but also discusses the movement and the tendencies of women's wages, a discussion which is particularly valuable because of the writer's connection with the minimum wage boards in England and his first-hand knowledge of many aspects of the problem of low wages.

In a preface Miss Hutchins explains that this book was prepared before the outbreak of the war, which delayed its publication. She has very wisely added, however, what the social historian of the future will regard as a valuable contemporary account of "The effects of the war on the employment of women" (ch. 7, pp. 237-267). For it is now generally accepted that in the belligerent countries a second great "industrial revolution" is in progress which is again radically changing the status of women in industry.

EDITH ABBOTT.

Chicago School of Civics and Philanthropy.

Industrial Home Work in Massachusetts. By the DEPARTMENT OF RESEARCH, WOMEN'S EDUCATIONAL AND INDUSTRIAL UNION, Boston. Prepared under the joint direction of the MASSACHUSETTS BUREAU OF STATISTICS and AMY HEWES. (Boston: Women's Educational and Industrial Union. 1915. Pp. xxxi, 191. 80c.)

The reader of this study of industrial home work in Massachusetts is again conscious of how watchfully Massachusetts keeps pace with her own industrial and social problems. Of the several "vigilance committees" active in the field of social welfare, none has been more vigilant than the Women's Educational and Industrial Union where economic conditions affect the industrial status of women. The present report astonishes even those who

have thought themselves informed, for it discloses what has, unobserved, grown to be a "widespread custom of so-called home work" in connection with many industries throughout the state, especially in the manufacture of wearing apparel, jewelry and silverware, paper goods, sporting goods, and celluloid goods. At the present time home work is licensed only in the clothing trade. A pertinent question therefore arises as to conditions under which such work is carried on where it is entirely unregulated.

It is interesting to note in Miss Kingsbury's preface how her own point of view became completely reversed by the facts brought out by this investigation. From a believer in the "possibility of a return to domestic production" through "home work" she became a supporter of total prohibition of home work.

Briefly summarized, the report puts the following facts beyond controversy: (1) A very low average wage obtains in home work. Fifty per cent of home workers earn less than 8 cents an hour, which means less than \$4.32 for a 54-hour week; and 22 per cent earn less than 5 cents an hour, or less than \$2.70 a week. (2) Employment is extremely irregular and (3) of such character that it offers no direct competition to factory workers. (4) Child labor is a conspicuous feature, one fifth of all workers being under fourteen years of age; (5) the majority, three fifths, however, are married women who take this means of adding something to the regular family income. (6) Very few families actually depend upon home work for a living, only 36 out of 1450. Most households have other adequate source of income and regard earnings from home work as supplementary only. (7) Living conditions in these homes were almost universally reported to be good.

Home work, in Massachusetts, therefore, is not characterized by the evils of sweated industries found elsewhere, notably in England and New York where numbers of women in congested districts gain a precarious livelihood working for very low wages and excessively long hours "in a state of economic exploitation." Nevertheless, it already shows tendencies that portend no good for the future. Low wages, long hours, child labor, and uncertain sanitary and health conditions are already present. Home work is today an unskilled monotonous process "in no way tending to rehabilitate production in the home whereby women may evade economic parasitism." The educative values of a handicraft are totally lacking.

Under these conditions a *laissez faire* policy is deemed indefensi-

ble and the report considers in detail the relative merits of systematic regulation through licensing, or the alternative of prohibiting such home work entirely. Regulation by licensing involves inspection and would be extremely difficult and costly. For over twenty years Massachusetts has tried to control home work on wearing apparel, yet more than half the families visited at work on wearing apparel had no license. To inspect and license home work in the numerous and widely scattered industries in which it is now found and to enforce the recent prohibition of child labor in such work (c. 831 Acts 1913) would require more than four times as large a force as for wearing apparel alone. This would mean to the state an expenditure out of all proportion to the value of this product to the community. Total prohibition, on the contrary, could be fairly easily enforced by the present corps of inspectors. It would be directed against the manufactures where other laws are being enforced; the inspectors could readily judge from the kind of product where there is danger of home work and violations could be easily discovered, especially with the coöperation of local health boards, the schools, and social workers.

"Total prohibition should be the goal for which we should work," and no steps should be taken which lead in any other direction. Such was the consensus of opinion expressed in resolutions which were adopted by a committee representing the leading agencies in Massachusetts concerned with social welfare after study of this report and Industrial Bulletin No. 4 of the State Board of Labor and Industries. This bulletin, an analysis of records respecting licensed home workers, was also prepared by the Research Department of the Women's Educational and Industrial Union and corroborates and supplements the original study.

Prohibition as an immediate remedy seemed, however, too drastic and a bill for more moderate restriction was presented to the legislature. This required manufacturers who give out home work of any kind to send a list of such employees monthly to the Board of Labor and Industries and prohibited home work only on children's clothing, toys, foods, and things to do with foods, toothbrushes, handkerchiefs, and table linen. The bill was referred to the next General Court.

The student of social and industrial problems will appreciate the well-devised plan of this investigation, the skill and intelligence shown in the presentation and tabulation of material, and the carefully prepared bibliography (appendix C). Such social ser-

vice has nothing of the spectacular about it and is too little regarded by the general public, for only on the basis of such painstaking investigation can a sound constructive public policy be built. The present study is especially timely not only for Massachusetts in showing her her problem before she has a developed "evil" to combat but equally sounds a warning and sets an example to other industrial states facing similar economic tendencies.

SARAH S. W. WALDEN.

New Haven, Conn.

The Relation of Irregular Employment to the Living Wage for Women. By IRENE OSGOOD ANDREWS. Prepared for the New York Factory Investigation Commission in coöperation with the American Association on Unemployment. Fourth Report of the New York Factory Investigating Commission, Vol. II, pp. 497-635. (Albany. 1915.)

Unemployment among Women in Department and Other Retail Stores of Boston. Bulletin of the United States Bureau of Labor Statistics, No. 182. (Washington. 1916. Pp. 72.)

Regularity of Employment in the Women's Ready-to-Wear Garment Industries. Bulletin of the United States Bureau of Labor Statistics, No. 183. (Washington. 1916. Pp. 155.)

These three studies show the difficulties connected with the promotion of the ends sought by the minimum wage laws which have been enacted in eleven states. Mrs. Andrews' well-organized compilation of material found in previous investigations, the Labor Bureau study of pay-rolls representing 150,000 workers in 500 establishments engaged in what is generally recognized as a seasonal trade, as well as the intensive study of one occupation where employment has been believed to be fairly regular, all produce evidence showing that more menacing evils than the inadequacy of the weekly wage are in need of attention. As the policy of retaining competent workers on part-time is generally adopted, many industries in which women are largely employed show seasonal fluctuations not alone in the numbers engaged but also in the amounts earned by those kept on the pay-rolls. Nor is irregularity of employment the only serious condition revealed by these studies. The amazing amount of shifting from one industry to another must promote the inefficiency that justifies the arguments of those economists who insist that it is impossible to enforce the payment of an unearned wage. Yet thorough training

is not always a guarantee of regular employment, for the most highly skilled of the garment trades suffer most from fluctuations in the demand for their products.

In the Boston study the pay-roll evidence was supplemented by home visits to 1763 women employed in the retail stores covered in the investigation. It was found that only 2.9 per cent of those employed both as regulars and extras; and 1.1 per cent of those working as regulars only were not dependent on their earnings for the necessities of life. While 90 per cent were living as members of family groups, it was evident that the loss of their contributions would result in a lowering of the standard of living of these groups. It would be difficult, if not impossible, to enforce a minimum wage sufficient to provide for the long intervals of idleness to which the extra department store workers and the regular employees in many other trades are subject.

These studies are intended to be only preliminary to the constructive work necessary for the solution of the most difficult and menacing problems of our present industrial order, yet some attempts are made at suggesting remedies. It is shown that dovetailing of industries will bring but slight relief, as there is little tendency for the fluctuations to supplement each other. Something might be gained by the education of the ultimate consumer. Mrs. Andrews urges the withdrawal for educational training of the shifting group of younger workers, in the hope that the absence of an easily accessible supply of seasonal workers might force the employers to better organization. The larger garment-making establishments combine several forms of output in order to carry their heavy overhead charges. Evidently there is no panacea for the evils of irregular employment; remedies must be carefully adapted to the needs of each industry.

The social significance of the irregularity of employment of women is realized more fully when one considers that our last census shows that in the eight largest cities of the United States over half of the women are wage-earners during the period prior to the age of marriage (14 to 21), and from one fourth to one third are at work during adult life. It is evident that the minimum wage is but one of the simpler methods of approaching the subject, and that the task of safeguarding the future of the race by protecting the wage-earning women will involve other complex and far-reaching reforms in both education and industry.

LUCILE EAVES.

Boston, Mass.

Unemployment Survey, 1914-1915. American Labor Legislation Review, Vol. V, No. 3 (Nov., 1915). (New York: American Association for Labor Legislation. 1915. Pp. 157. \$1.)

Report of the Ontario Commission on Unemployment. Parts I to IV and Appendix. (Toronto: Legislative Assembly of Ontario. 1916. Pp. 334.)

The Unemployed in Philadelphia. By JOSEPH H. WILLITS. (Philadelphia: Department of Public Works. 1915. Pp. 170.)

These three reports represent three distinct types of writing on the problem of unemployment. The *Unemployment Survey* of the American Association of Labor Legislation is the most common and the traditional form of American writing on the subject. It is an uncritical record of all the various attempts and near-attempts to care for the unemployed during the depression of 1914-1915. Quite the opposite is the report of the Ontario Commission. Here we have a critical analysis of the available data on unemployment with generalizations as to underlying causes and recommendations based on these generalizations. The report of Mr. Willits emphasizes responsibility of employers, and represents the latest development in the literature of the subject. It takes up the cry of the efficiency engineers, urging employers to regularize their work, systematize methods of hiring and discharge, and by these means make work more steady.

"For the first time, on a country-wide scale, community efforts were unified and directed into practical channels through something more than ephemeral organization," says the report of the Association for Labor Legislation. And "in order that the painful lessons of the winter of 1914-1915 may be utilized and not forgotten—in the belief that it is the light of practical experience which still guides most leaders along the path of social progress"—the report of the association was published. It gathers together the estimates of the number of unemployed in various cities throughout the country, and summarizes the special investigations made by committees, civic bodies, and by the government. It describes the forms of emergency relief, employment offices, public work, and regularization of industry by employers adopted in different places; and ends with a set of "standard recommendations on measures to be taken and to be avoided in the relief and prevention of unemployment."

One wonders how much value there is in a compilation like this. The depression of 1914-1915 was not unique in stimulating relief

activities and arousing public interest in the problem of unemployment. The hard times of 1892-1893 and 1907-1908 brought similar results, and Dr. C. C. Closson in 1894 published in the *Quarterly Journal of Economics* just such an "Unemployment Survey" as the one under review. Nevertheless, the same unpreparedness, the same confusion, the same mixing of charity with unemployment measures that occurred in 1892-1893 was repeated in 1914-1915. It seems that little is to be hoped from the "light of practical experience" of this kind. Perhaps if social workers concentrated their efforts on creating government machinery for dealing with unemployment (which they have discountenanced until quite recent years), we should be farther along.

The Report of the Ontario Commission on Unemployment is a real contribution to the subject, no matter how much we may disagree with its conclusions. The commission studied the facts of unemployment in Canada to a purpose. It finds "that the depression, which occurred in 1914 and 1915, was but a phase of the movement alternating between inflation and depression, which is the characteristic feature of modern industry" (p. 9); and it recommends a permanent labor commission to deal with the problem in the province of Ontario and to further a movement for action by the national government.

First among the conclusions is that there has been in Canada a development of markets that is disproportionate to the development of production. Railroads and industrial plants have been multiplied without regard to the actual demand for transportation and products. As a remedy the commission urges the establishment of diversified industries in Canada and an organized effort to get foreign markets. The government is not only to take a leading part in these efforts, but it must also regulate its own spending so as to offset the recurring periods of depression in private industry; and the regularization of employment by private employers is also urged. As a final measure for the prevention of unemployment the commission recommends "community settlements" on the land with government aid and supervision, cheap transportation to enable city workers to live in the country, and assistance to them in acquiring small holdings.

To increase the mobility of labor a system of public labor exchanges is advocated and a plan of organization recommended for immediate adoption. Coupled with this are recommendations for cheap transportation for laborers, and taxation of land held for

speculative purposes. Regulation of immigration, special measures for dealing with unemployed women, and vocational training are urged as means of dealing with the personal causes of unemployment. And subsidies to unions or other organizations of workers who have out-of-work benefits is recommended as the best form of unemployment insurance.

All of Part I of this report deals with the analysis of the data collected by the commission, its conclusions and recommendations. Parts II, III, and IV give the facts. On this side of the Atlantic we have had so few attempts at seriously analyzing the facts of unemployment that this report is decidedly welcome.

Mr. Willits' report on *The Unemployed in Philadelphia* has a frontispiece which every student of the problem of unemployment should see. It shows a revolving board with workers jumping on and being thrown off, and the legend says: "The Industrial Roulette Wheel—Off Again—On Again—Fired Again." The author intended this as a rebuke to employers who have a large "turnover" of labor due to needless discharging and hiring of men. But it would be well if we substituted this picture for the ordinary one of "The Army of the Unemployed" when we do our thinking on unemployment in general; for this industrial roulette wheel accurately describes the problem, while the "standing army of the unemployed" is a fiction.

The Philadelphia report contains some excellent studies of irregularity of employment in specific industries, particularly in the textile industry. Facts showing the changes in industry which make for irregularity are interestingly and graphically presented. The numerous charts illustrating irregularity of employment add greatly to the value of the report.

For the purpose he has in hand, the author's assumption that employers must take the leading part in dealing with unemployment is no doubt justifiable. He wants to interest the employer of labor in making his work more steady; so he writes: "Unemployment is a problem of industry; and as such can only effectively be handled by those in charge of industry: employers." This leads him also to minimize the part that the government might play in solving the problem.

But surely we have had experience enough with employers' liability and workmen's compensation legislation to see that we can not depend on the employer to handle any problem like this. It was wasteful and bad business to kill and injure workmen at

any time, but employers as a class were not convinced until workmen's compensation laws placed the burden directly on them. Similarly, most employers will not see the value of keeping their forces steadily employed as long as most of the burden of unemployment is borne by the worker. Moreover, the assumption that irregular employment does not pay the employer is quite often unwarranted. In highly seasonal trades, such as women's clothing, employers often find it more profitable to manufacture high priced garments of the latest styles for only a few months of the year rather than to work the year around on cheap garments, because big profits on the former more than offset the losses of long slack seasons.

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Minimum Wage Legislation in Australasia. By PAUL STANLEY COLLIER. Reprinted from Appendix VIII of the *Fourth Report of the New York Factory Investigating Commission*. (Albany: J. B. Lyon Company, Printers. 1915. Pp. 1845-2268.)

Owing to the fact that it appears as an appendix to a voluminous public document and is therefore not likely to be separately mentioned in publishers' lists and library catalogues, it is to be feared that this valuable monograph, written as a doctor's dissertation at Columbia University, will escape the notice of many persons interested in the movement for a minimum wage. It furnishes the most complete account of the Australasian efforts to regulate wages and working conditions by means of compulsory arbitration courts and wages boards that has yet appeared in the English language. While Dr. Collier has not visited Australia and New Zealand and his book lacks that familiar touch with the administrative workings of the laws which comes only to the field investigator, he has had access to practically all the literature, official and otherwise, dealing with his subject and has supplemented the information gained in this way by interviews and correspondence with public officials in Australia and others who have had first-hand knowledge of the laws and their administration. He has thus succeeded in a remarkable way not only in his presentation of the facts concerning minimum wage legislation but in his appreciation of the significance of the important changes in laws and of the effects of court decisions. A careful reading of

the monograph has enabled the reviewer to note only a few important errors in the statement of facts or to question only a few of the author's conclusions.

The title of the monograph is inadequate. A reader interested in compulsory arbitration as a means of lessening strikes would hardly expect to find here a treatment of such legislation and its results, although the author has discussed fully all the subjects covered by the arbitration courts, not merely their work in establishing a minimum wage. In view of the great importance of the Commonwealth Arbitration Court's decisions in furnishing standards for other tribunals, it is surprising that the author compressed his account of its work into 19 pages while allotting approximately 100 pages each to New Zealand, New South Wales, and Victoria.

When Dr. Collier states (p. 1931) that "more than one determination [of a Victorian wages board] has been carried to the Commonwealth tribunal" he probably does not mean what he says, as obviously no such appeal can be taken. He probably means that wage-earners dissatisfied with the boards' determinations have, at times, by joining with workers in other states, succeeded in creating an industrial dispute extending beyond the boundaries of a single state and have thus got their case before the Commonwealth Court. Again, when the author says (p. 1963) that the maritime strike of 1890 was "the only strike of far-reaching effect in which New Zealand has ever engaged" he either overlooks or underestimates the more recent and more serious strike of 1913, described by Professor Le Rossignol in the pages of this *Review* (vol. IV, p. 293). When the statement is made (p. 2004) that there were a few strikes during the early history of the arbitration act in New Zealand and mention is made of five such, the impression is clearly conveyed that these strikes were in violation of the compulsory arbitration act whereas none of them was covered by the act.

Mr. Collier expresses the opinion (pp. 2076, 2078) that the important changes made by the New South Wales Arbitration act of 1912 in the method of constituting boards and in providing the machinery for conciliation have on the whole worked successfully. In this matter his judgment runs counter to that of Mr. George S. Beeby, the author of the act, who, in his testimony before the *Royal Commission of Inquiry on Industrial Arbitration in the State of New South Wales* (1913) confesses his disappointment

with the practical outcome of both the above-mentioned changes. In quoting from a recent decision of Mr. Justice Heydon words which indicate a failure of the policy of imposing moderate fines on strikers, Mr. Collier probably wrongly interprets the words of the court to mean that in its opinion drastic penalties are likely to be more successful. What the court intended to do was to warn strikers that it had the power to impose heavier fines for disobedience of the law and of court awards. The policy of attempting to repress strikes by means of imprisonment and heavy fines was thoroughly tried in New South Wales under the act of 1908 and its amendments and this policy has been abandoned. Judges of arbitration courts in Australia and New Zealand do not entertain the hope that strikes will be prevented by the imposition of drastic penalties. Much more is likely to be accomplished, in their opinion, by denying to unions whose members participate in strikes the many benefits which accrue to unionists from arbitration court awards.

Another mistaken inference by the author is his statement (p. 2239) that it is a confession of weakness in the wages boards legislation that South Australia and Queensland have recently enacted compulsory arbitration acts. It can not, however, be a fault of a statute that it did not prevent what it did not undertake to prohibit. The lessening of strikes under wages board legislation is purely an incidental result. The adoption of compulsory arbitration by South Australia and Queensland, on the other hand, is explicable on entirely different grounds. Finally, the author's conclusion (p. 2251) that "in Australia, although not in New Zealand, hostility to the principle of regulating wages by law has now died away" draws a distinction between the two countries which is entirely unwarranted. The principle of regulating wages by law is accepted as completely in New Zealand as it is anywhere in Australia and the dissatisfaction of trade-unionists with some of the awards of the New Zealand Court should not lead one to suppose that either employers or employees generally have any idea of abandoning such legislation.

I have called attention to these erroneous conclusions because they are just the mistakes which any student is likely to make who views such legislation from a distance. They do not detract from the general trustworthiness and high merits of the study which Mr. Collier has made.

The monograph has an excellent summary and a good bibliography.

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NEW BOOKS

BARNES, C. B. *The function of public employment offices.* (Albany, N. Y.: Bureau of Employment. 1916. 7c.)

BARNES, C. B. *The longshoremen.* (New York: Survey Assoc. 1915. Pp. 307. \$2.)

To be reviewed.

BEYER, D. S. *Industrial accident prevention.* (Boston: Houghton Mifflin. 1916. Pp. 421. \$10.)

BULKLEY, M. E. *Establishment of legal minimum rates in the box-making industry under the Trade Boards act of 1909.* Introduction by R. H. TAWNEY. (London: Bell. 1916. Pp. 108. 1s. 6d.)

COHEN, J. H. *Law and order in industry.* (New York: Macmillan. 1916. Pp. xvii, 292. \$1.50.)

To be reviewed.

COMMONS, J. R. and ANDREWS, J. B. *Principles of labor legislation.* (New York: Harper. 1916. Pp. 524. \$2.)

To be reviewed.

HEDGES, A. C. *Wage worth of school training. An analytical study of six hundred women-workers in textile factories.* Teachers College, Columbia University, contributions to education, no. 70. (New York: Teachers College, Columbia Univ. 1915. Pp. xvi, 173.)

To be reviewed.

MOTE, C. H. *Industrial arbitration, a world-wide survey of natural and political agencies for social justice and industrial peace.* (Indianapolis: Bobbs-Merrill. 1916. \$1.50.)

RANKIN, M. T. *Arbitration and conciliation in Australasia. The legal wage in Victoria and New Zealand.* (London: Allen & Unwin. 1916. Pp. 192. 5s.)

ROCKEFELLER, J. D., JR. *The Colorado industrial plan.* (New York, 26 Broadway. 1916. Pp. 94.)

Includes a copy of the plan of representation and agreement adopted at the coal and iron mines of the Colorado Fuel and Iron Company; also a reprint of an article on "Labor and Capital—Partners" from the *Atlantic Monthly* for January, 1916, and two addresses delivered by Mr. Rockefeller in Colorado in 1915.

SANDERS, W. S. *Trade unionism in Germany.* (London: Fabian Soc. 1916.)

- THIMME, F. W. K. *Die Arbeiterschaft im neuen Deutschland*. (Leipzig: S. Hirzel. 1915.)
- THORNTON, W. W. *A treatise on the federal employers' liability and safety appliance acts, and on the federal statutes on hours of labor, including Interstate Commerce Commission's rules and diagrams for equipment of cars*. (Washington: Byrne. 1915. Pp. 1012. \$6.)
- TILLYARD, F. *Industrial law*. (London: Black. 1916. 10s. 6d.)
- UMBREIT, P. *25 Jahre Deutscher Gewerkschaftsbewegung 1890-1915*. (Berlin: Verlag der Generalkommission der Gewerkschaften Deutschlands. 1915. Pp. 185.)
- VAN KLEECK, M. *Facts about wage-earners in the United States census. A series of diagrams used in the course on industrial conditions in the New York School of Philanthropy. Studies in social work*, no. 5. (New York: N. Y. School of Philanthropy. 1915. Pp. 39. 25c.)
- WILLIAMS, A. *Life of a railway factory*. (London: Duckworth. 1916.)
- The boot and shoe industry in Massachusetts as a vocation for women*. Bulletin of the U. S. Bureau of Labor Statistics, whole no. 180; Women in industry series, no. 7; Studies in economic relations of women, vol. VI. (Boston: Women's Educational and Industrial Union. 1915. Pp. 109.)
- Connecticut bricklayer. Convention number*. (New Haven: P. G. McDermott. 1915. Pp. 78.)
- Third annual report of the secretary of labor, fiscal year ended June 30, 1915*. (Washington. 1915. Pp. 86.)
- Why labor exchanges?* (Boston: Mass. Committee on Unemployment, 75 State St.)
- Women in the labour market (Manchester and district) during the war*. (London: Women's War Interests Committee. 1916. 1d.)
- Women workers*. (London: National Union of Women Workers. 1916. Pp. 159. 1s.)

Money, Prices, Credit, and Banking

Cost of Living. By FABIAN FRANKLIN. (Garden City, N. Y.: Doubleday, Page and Company. 1915. Pp. vii, 162. \$1.00.)

From long university and editorial experience Mr. Franklin has developed convincing power. The reader senses throughout the volume the ease and certitude of a master. Throughout, too, the economics is sound. The analysis, however, is not fully completed, nor is the treatment at all times consistent with the author's clearly avowed intentions. On these accounts the book

seems to fall somewhat short of being an authoritative manual, as advertised. Yet it is a series of well-written, judicious, and thought-stimulating essays on rising prices.

The very limitations set by the author attest his clear thinking. His aim has been "to elucidate in some degree the broad principles governing the rise and fall of prices and their connection with the cost of living, as operative in normal times (p. 143). . . . No attempt has been made . . . to suggest any solution of the problem of cost of living . . . the end in view being the promotion of clear thinking rather than any course of action" (p. 154).

The reader will not regret that the author does devote a brief chapter to these days of the abnormal in prices, *The War and the Future* (ch. 13). After suggesting the usual proposition that destruction of capital and of men and inflation of credit and of currency tend to confirm rising prices, this chapter notes that there has been little gold hoarding even among the warring nations (p. 144); that much property destroyed in war would have been used up in normal industry, necessitating replacement (pp. 147-148); that extended national credit might easily pass into distended credit on a grand scale and, by shattering the whole credit system, might offset all the war factors making for rising prices (p. 150); that peace may be so re-established as to decrease greatly army and navy expenditures, slowly offsetting the great capital costs of the war; and, finally, that taxation, however greatly increased as a result of the war, does not handicap industry, since it merely passes funds from taxpayers, as such, to bondholders, as such (p. 151).

One other chapter (ch. 9) transgresses the limitations set by the author. Mr. Franklin here seems to fall into an error prevalent in current cost-of-living literature—the error of confusing a means of reducing cost of production with a remedy for generally rising prices. The explanation of rising prices is that generally accepted by economists. He writes: "There is room for dispute as to how much influence is to be ascribed to the stupendous increase of the world's stock of gold in the last eighteen years and how much to the development of the machinery of banking, credit and exchange; but there is no room for doubt that the two together account for the phenomenon of the high prices and that each has been a most powerful

factor in its production" (pp. 64 and 65). Despite this scientific explanation of rising prices, the author proceeds in this ninth chapter to deal with the establishment of public markets, chain stores, coöperative stores, and like proposals, as means to reduce the cost of living, seemingly overlooking, for this part of his work, the fact that such means could be applied quite as desirably in an era of falling prices as in one of rising prices.

There are chapters on the facts of rising prices (ch. 1), upon the theory of price making and the quantity theory of money (chs. 2-5) and upon various alleged causes of rising prices, such as rising standards of living (ch. 3), exhausting resources, tariff, trusts, cold storage, and middlemen (chs. 7, 8, 9). More complete analysis here would call for treatment of such other alleged causes as increase of population, trade union activities, speculation, and excessive transportation charges. The discontent due to low prices is dealt with in chapter 10 and that due to high prices in chapter 11. These two chapters show us that hard times wails are always with us—the wails of depressed industry and trade when prices fall and the wails of those who “feel the pinch of prosperity” (p. 115) when generally rising prices levy upon incomes which are fixed or which rise tardily. Chapter 12 discusses The Multiple Standard and the Compensated Dollar, definitely rejecting Professor Irving Fisher’s proposal. “We must cling to the security and the simplicity of the present system rather than grasp at a theoretical perfection” (p. 141).

In style this manual is clear and simple. It is of convenient pocket size. It is neatly bound in cloth and is clearly typed. Only one typographical error was noted—“reputation” on page 30, line 6, should read “refutation.” The volume has no index. A mere list of fourteen brief chapter headings, given as the table of contents, is an altogether unsatisfactory guide to 162 pages packed with information and judgments.

WALTER E. CLARK.

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The Cost of Living. By WALTER E. CLARK. (Chicago: A. C. McClurg and Company. 1915. Pp. 168. \$0.50.)

Professor Clark has undertaken to present in popular form the facts about rising prices with due care as to accuracy of statement. Limitations of space obviously prohibit any comprehensive discussion, but an endeavor has been made to include all the

important aspects. The problem of higher prices arises from the fact that in the past eighteen years general wholesale prices have risen some 35 per cent, general retail prices probably over 50 per cent, while the prevailing interest rates have risen 20 to 25 per cent. These increases have taken place in practically all countries of the world. The causes, the effects, and the remedies of this price movement form the subdivisions of the book.

The causes of this rise are classed as: (1) supply causes—exhausting natural resources, retailer's profits, adulterated goods, cold storage, labor unions, excessive transportation rates, tariff and trusts; and (2) demand causes—increasing population and immigration, speculation, extravagance and waste, rising standard of living, and increasing gold supply. The author finds that some of these causes have practically nothing to do with higher prices, others may have had temporary or local effects on prices, but on the whole the increasing gold supply is the only cause which has operated everywhere, affecting all marketed commodities and which is ample to explain the steady and general upward trend of prices.

After a long period of rising prices business generally is stimulated while debtors and owning producers secure a distinct advantage. On the other hand, the rise affects unfavorably the creditor class, wage-earners, salaried persons, and those receiving fixed incomes. Also it causes interest rates to rise, diminishes the severity and duration of crises, and, finally, it stimulates social reconstruction.

The so-called remedies for rising prices do not appeal to the author: changing from gold to some other money medium is altogether superficial and unconvincing; doing away with primary money and using fiat money would mean disaster; compelling all business settlements to be made directly in gold amounts would be cutting off an arm to cure a hangnail; Professor Fisher's plan of a compensated dollar would mean making even gold coins a token money; limiting the world's annual production of gold by government action would meet with considerable difficulties, though this plan seems to be the one method open to control the course of prices without bringing a host of ills in its trail. The author concludes that before any nation is justified in resorting to any artificial means for preventing a general price rise, it needs to be established (a) that generally rising prices cause much more bad than good; and (b) that general prices will

continue to rise considerably for a long time, thus continuously increasing the excess of their bad over their good effects. These facts have not been established.

One closes the reading of the book with the impression that the author has overemphasized the advantages of rising prices. It is true that attention is called to certain unfortunate effects of constantly rising prices, but very little space is devoted to this phase of the subject in comparison with the stress laid on the many benefits derived from the increase. The difficulties connected with the making of a long term business contract during a period of increasing prices, for instance, are not mentioned; there is no specific mention of the elementary fact that fairly level prices are necessary to a just distribution of wealth. On the whole, however, the author has covered his subject in an interesting manner; the style is readable and even lively at times; a comparison of a few of the statistical statements with the original sources showed them to be accurate; the subject-matter is conveniently arranged in chapters and sections; there is a good index and an adequate bibliography.

H. J. HARRIS.

Washington, D. C.

A History of Banking and Currency in Ohio before the Civil War.

By CHARLES CLIFFORD HUNTINGTON. Ohio Archaeological and Historical Quarterly, Vol. XXIV, No. 3. (Columbus: Ohio Archaeological and Historical Publications. 1915. Pp. 312.)

The state laws, documents, and reports have been chiefly drawn upon for the materials of this study, together with the newspapers of the time. Except for the early period, secondary authorities in this field are either lacking or untrustworthy, and are seldom quoted. This monograph is the latest addition to the considerable volume of material being gathered and published under the auspices of the Carnegie Institution on the economic history of the United States, and is one of the most authoritative studies yet published.

The book is divided into two parts, the first dealing with banking as carried on under special charters, which continued from 1803 to 1843, and the second treating banking under general laws, between 1843 and 1863. After the latter date the state bank was wound up (in 1866) and most of the other banks

with state charters reorganized as national banks, so that the year 1863 marks the virtual end of the history of state banking in Ohio.

The organization of the first bank in Ohio was almost contemporaneous with the admission of the state into the Union, but the development was slow for a few years. Beginning with about 1815, however, there ensued a period of rapid bank organization and consequent inflation of the currency, which was temporarily brought to an end by the crisis of 1819. The share which the Second Bank of the United States played in banking operations is set forth, and the attempt of the state of Ohio to tax the bank is impartially described, though the author might have pointed out in this connection that Ohio passed no legislation concerning the bank that had not already been enforced against local banks, and was inspired by no such feeling of savage hostility to good banking as some historians have represented. The panic of 1819 was followed by a half-decade of depression and slow recovery; from 1831 to 1836 there was a period of bank expansion that was closely connected with the development of internal improvements, with land speculation, and with business expansion. The panic of 1837 not only put an end to such practices, but called forth restrictive legislation.

With the second period, beginning in 1843, we come to the experiments made in Ohio, similar to those in other states, with the safety fund and bond deposit systems of banking. In 1843 the charters of most of the old banks which had issued bank notes based upon general assets expired. There was general discussion as to the whole question of banking, and in 1845 an act was passed recognizing the old banks which still existed and providing for the organization of the State Bank of Ohio on a safety fund basis, and for independent banks under a bond deposit system. With three systems of banking existing concurrently in the state, it would seem that the merits of the different methods could be effectually tested. In 1851 a free banking law was passed, and a fourth kind of bank, of the bond deposit variety, was created; these differed from the independent banks chiefly in the fact that they had to pay in a larger percentage of their capital before beginning business. The decade following the passage of this law was on the whole one of prosperity to the banks, though it was marked by a violent struggle over taxation between

the banks and the legislature; the public was, moreover, well served in banking facilities. The author concludes that the safety fund system, as worked out in the State Bank of Ohio, was the best of all. "It gave the very highest satisfaction, and as a system adapted to the needs of the people at the time, was probably one of the best in the country."

This is a careful and painstaking piece of work, and has covered the ground thoroughly. It is, however, almost too much an external history of banks, their number, charters, taxation, legislation, etc. The most valuable part of the study consists of the all too infrequent sections that deal with banking practice. The legislative history is not as important as the description of the banks from an economic point of view, considered as public service institutions. This is more difficult to give than the other, but would be the more gratefully received.

Incidentally, note may be made of the curious method of citing authorities and dates, and the punctuation of the same, in the footnotes.

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Foreign Exchange and Foreign Bills in Theory and in Practice.

By WILLIAM F. SPALDING. (London and New York: Sir Isaac Pitman and Sons, Ltd. 1915. Pp. xii, 216. 5s; \$2.00.)

The author of this book, who is a lecturer on foreign exchange in the City of London College, declares his object to be the presentation in a concise and simple form of the theory and practice of foreign exchange, with special attention to the subject of foreign bills. He writes from the point of view of London as the world's banking center, although giving considerable attention to the abnormal conditions arising out of the present war because of which that center has been shifted temporarily to New York.

The book contains a clear statement of the elementary principles and practices of foreign exchange, and most of the illustrations are of the simple kind that illustrate rather than of the complex kind that confuse—a quality as important as it is rare in modern books on foreign exchange. One merit is the inclusion of two good chapters on the Eastern exchanges; and another merit is a useful description of the various types of bills negotiated in the London money market. The book is stronger on the practical side than on the theoretical. It is in no sense a substitute for

Goschen's *Theory of the Foreign Exchanges*, but is a valuable supplement to that classical work.

A few statements of doubtful accuracy are noted. It is rather strong to say, especially since the events of the last nineteen months: "we can still confidently assert that in England there is an absolutely free gold market" (p. 35). Again, it is not true that "given the short rate [of exchange], we can always find the long rate, and *vice versa*" (p. 47). The gold-exchange standard in any true sense of the word has not been in operation in India "for some twenty years," as the author asserts (p. 123), but its real beginnings can be found only after its formal rejection under the name of "the Lindsay plan" by the Fowler committee in 1898. Considering the large amount of gold in circulation and in the banks of Japan, it is rather far-fetched to say that the currency system of that country resembles India's system (p. 123). There were in circulation, in treasuries and in banks of Japan, at the end of 1913, 140 million yen of gold coin and 122 million yen of gold bullion, as compared with 140 million yen of silver coin and 3½ million yen of silver bullion. The percentage of gold to silver in the Indian circulation, banks, and treasuries is still exceedingly small; the work of maintaining the parity of the rupee with gold resting chiefly on the system of redemption in drafts. There is a false implication in the statement (p. 130) that the sale of Indian council bills after being temporarily suspended in 1893, was later, in 1898, resumed. As a matter of fact, the Secretary of State for India resumed the sale of council bills at market rates the latter part of January, 1894. Exaggerations and slips like these, however, are not common; and for a brief, comprehensive, and elementary treatment of so complicated a subject as foreign exchange, the book, so far as the reviewer can discover, contains very few inaccuracies.

To the American student desirous of familiarizing himself with the workings of the foreign exchange market in the world's greatest foreign exchange center (in normal times), Spalding's book may be strongly recommended.

E. W. KEMMERER.

Princeton University.

NEW BOOKS

ARETZ, P. *Die Entwicklung der Diskontpolitik der Bank von England, 1780-1850.* (Berlin: Heymanns. 1916. Pp. xii, 279. 6 M.)

BAUMGART, W. *Unsere Reichsbank. Ihre Geschichte und ihre Verfassung.* (Berlin: Simion. 1915. Pp. 63.)

BRADY, J. E. *The law of bank checks.* (New York: Banking Law Journ. Co. 1916. Pp. 475. \$4.)

BULLOCK, E. D., compiler. *Agricultural credit.* (White Plains, N. Y.: H. W. Wilson Co. 1915. Pp. xiv, 177. \$1.)

With few exceptions the articles here brought together give such a one-sided account of the rural credit problem that they lead astray, rather than enlighten, the student seeking knowledge. Mis-statements abound. A few examples may be given. "The working capital and number of members of individual associations are so small as to be insignificant, yet they do one third of the banking business of Italy." The banks referred to are the Luzzatti banks, of which in 1908 the average membership was 726 and the average working capital per bank \$326,619; and only 25 per cent of the loans of these associations in 1908 were made to agriculture. (See *Statistica delle Banche Popolari*, Rome, 1911, p. xxv.) "The combined amount of their [Raiffeisen banks] operations in Germany equal that of the commercial banks." If operations means amount of credit granted, the inaccuracy of this statement is shown by the fact that the credit extended by the joint stock banks in 1907 amounted to \$2,000,000,000, whereas the loans made by the Raiffeisen banks in 1910 amounted to only \$248,350,000 (see Cahill, p. 100). "In Germany there is one bank [rural coöperative] to every 1,600 of the population, and the total business done was over \$4,888,000,000." I do not know just what is meant by total business done and the year is uncertain, but I am sure that the statement is grotesque; for one bank to every 1600 of the population would mean over 40,000 banks in Germany, whereas the actual number is about 16,000 (see Cahill, p. 101). The bibliography does not note the writings of George K. Holmes. Though the inconsequential testimony of Mrs. Lund before the subcommittee on banking and currency is listed, the carefully prepared testimony of Mr. C. W. Thompson is not mentioned, nor that of Leonard G. Robinson, Mr. Von Engelken, and others, nor is any general reference made to these hearings.

JESSE E. POPE.

CRAWFORD, J. J. *The negotiable instruments law, from the draft prepared for the commissioners on uniformity of laws. Text of the law with annotations.* (New York: Baker, Voorhis. 1916. Pp. 290. \$3.40.)

DEUMER, R. *Der private Kriegskredit und seine Organisation.* (Leipzig: Duncker & Humblot. 1915. 5.70 M.)

EEERSTADT, R. *Die Kreditnot des städtischen Grundbesitzes und die Reform des Realkredits.* (Jena: Fischer. 1916. 1.50 M.)

MORGAN, D. T. *Land credits. A plea for the American farmer.* (New York: Crowell. 1915. Pp. xvii, 229. \$1.50.)

The author of this book, a member of Congress from Oklahoma,

has been prompted to prepare it on account of the failure of the Sixty-third Congress to enact a rural credits law. This failure was due largely to disagreement as to the amount of aid the national government should grant in the development of rural credits. He analyzes three bills which he claims had the endorsement of the Administration and criticises them as inadequate to furnish the required relief.

Unfortunately the author does not present a clear and definite scheme of constructive policy. He believes that the government should occupy a large part in the proposed reform; that direct loans should be made to farmers out of the funds in the national treasury and that the federal government should guarantee payment of farm-mortgage bonds secured by farm mortgages (pp. 67, 68, 235, 236, 245); that the bank should be "an altruistic, benevolent, or philanthropic enterprise" (p. 88); that the power to issue farm-mortgage bonds should "be centralized in one or a few institutions" (pp. 120-121); that the system of land credit should secure uniformity of interest rates throughout the Union (p. 129); and that the purpose of land credit legislation is to give farmers credit at the very lowest rate of interest possible (p. 139).

The proposals of the author may be regarded as objectionable as many of the features of the bills which he criticises. It would not be easy to advance money to farmers out of an empty treasury, nor would it be a wise policy for the government to become a debtor by the issue of bonds for the sake of having money to lend to other borrowers.

An appendix contains an elaborate legal brief on the constitutionality of exemption of stock and of farm mortgages from taxation, prepared by Mr. H. W. Edgerton of the legislative reference division of the Library of Congress. There is also a very complete index.

JAMES B. MORMAN.

MORMAN, J. B. *Principles of rural credits*. Introduction by J. L. Coulter. (New York: Macmillan. 1915. Pp. xviii, 296. \$1.25.)

In part I, "The methods of financing farmers in European countries," Mr. Mormon attempts a digest of the *Report of the American Commission* (Sen. Doc. 214); in part II, "A constructive credit system for American farmers," he attempts to set forth conditions and to outline a system of rural credits adapted to the peculiar needs of American farmers. The report of the American Commission contains much material having little connection with rural credits and abounds in inaccuracies. It is not easy for the average reader to get from it a clear, accurate impression of actual European conditions. But it can scarcely be said that Mr. Mormon's digest has made the material in this report more readily available; while he has excluded much extraneous matter, he has rather emphasized the inaccuracies and exaggerations by his failure to give due weight to the many qualifying statements scattered throughout the translated documents. Part II adds little to our knowledge either of the needs

of the American farmer or of the existing agencies for meeting them. Most of what Mr. Morman says has appeared in the popular press of the country and has the shortcomings of this class of writing—it abounds in half truths. In this book Mr. Morman has not done himself credit. There is much evidence of haste; there are many infelicities in English and many misstatements as to facts.

SCHWARTZ, F. *Städtischer Grundkredit und Tilgungshypothek*. (Berlin: Guttentag. 1915. Pp. 91. 2.50 M.)

SCHULZE-GAEVERNITZ and JAFFÉ. *Grundriss der Sozialökonomik*. Part V, vol. 2. *Bankwesen*. (Tübingen: Mohr. 1915. 6 M.)

WOLFF, S. *Das Gründungsgeschäft im deutschen Bankgewerbe*. (Stuttgart: Cotta. 1916. Pp. x, 284. 6.50 M.)

The bank and the individual. (Boston: National Shawmut Bank. 1916. Pp. 28.)

Proceedings of the forty-first annual convention of the American Bankers Association, held at Seattle, Wash., Sept. 6-10, 1915. (New York: F. E. Farnsworth, secretary. 1916. Pp. 725.)

Contains also proceedings of the trust company, savings banks, and clearing house sections.

Rediscounting with the Federal Reserve Bank of St. Louis. (St. Louis: Federal Reserve. 1916. Pp. 58.)

White and Kemble's analysis of the New York, Massachusetts, Connecticut, and Vermont state laws relative to the savings bank investments in the securities of railroad corporations and the application thereof, 1916. (New York: White & Kemble. 1916. Pp. 99. \$15.)

Das schweizerische Bankwesen in den Jahren 1906-1913. (Bern: Stämpfli. 1915.)

Public Finance, Taxation, and Tariff

Government Finance in the United States. By CARL C. PLEHN. The National Science Series, edited by FRANK L. MCVEY. (Chicago: A. C. McClurg and Company. 1915. Pp. 166. \$0.50.)

Professor Plehn has undertaken the difficult task of presenting in popular form a view of the facts and tendencies of public finance in this country: difficult because the statistical material, which must form the basis of such a study, is full of pitfalls and does not easily lend itself to clear popular presentation.

Although the book was evidently prepared with some haste, Professor Plehn makes clear the fact that expenditures by all branches of government in this country are increasing rapidly, the directions which this increase is taking, and the causes which

influence it. Most interesting to economists are the conclusions reached in regard to conditions and policies in the United States. The author believes for reasons stated in some detail (p. 61) that "the greatest growth in government expenditure is coming in the field of state finance." At the present time successful tax reform is moving along three lines, centralized administration, segregation of the sources of state and local revenue, and the opening up of new sources of tax revenue, either as substitutes for old ones or as a means of reaching tax-paying ability not reached before. Although the charge that segregation leads to extravagance in state finance is not supported by satisfactory evidence, it is far from offering a complete solution of the problem of securing additional revenue for the states. The solution must be found in new state taxes. The most promising of these is the state income tax. Generally, he would assign to the federal government indirect taxes with an income tax for great emergencies; to the states, income and inheritance taxes, supplemented by various forms of taxes which the states have already developed and which do not encroach on the sources of local taxes; to local bodies, the general property tax, supplemented presumably by license taxes and special assessments. He apparently has little sympathy with the movement towards classification, with different rates for different classes of property, or with attempts directed to partial confiscation of the unearned increment of land.

It is interesting to compare the author's statement that "as the appropriation of the inheritance tax by the states put an end to its proposal for a federal inheritance tax, so the general use by the states of the income tax may be expected to have the effect of limiting its use by the federal government to grave emergencies," with Professor Seligman's statement, in his address before the Pan-American Congress, printed in the *Columbia University Quarterly* for March, 1916, that, while indirect taxes might suffice for federal revenues, there has in recent years developed "an irresistible demand to supplement the system of indirect taxes by direct taxes which would respond more clearly to the principle of individual ability to pay." "This movement has resulted in the imposition of a federal income tax, and will probably lead to the enactment of a federal inheritance tax;" a result to be desired in Professor Seligman's opinion, although he recognizes that the states may fairly claim a share in the proceeds of both income and inheritance taxes.

Competent as he is in handling such material, the author does not entirely escape the pitfalls. Thus in making comparison between federal expenditures in 1810 and 1911 (p. 26), the figures on which the per capita figures are based include expenditures for the post office and debt charges other than interest in 1911, but not in 1810. The item for debt charges which is included in total expenditures on account of war (p. 23) includes \$35,000,000 on account of the bank note redemption fund, which could hardly be classed as war expenditure. The figures for all expenditures of cities including debt payment, sinking fund transactions, and transfers, used on pages 52, 58 and 59, are a less significant indication of the amount and growth of municipal expenditure than would be the figures for "governmental cost payments." The exclusion of the revenue from the corporation income tax in making comparison of the yield of the income tax in this country and in the United Kingdom (p. 121) is certainly open to question. There are also occasional slips on matters of fact. If we accept the census figures for wealth, federal expenditures have not "increased faster than wealth, both in the aggregate and per capita" in recent years (p. 27). The only decade since 1870 in which federal expenditures have increased more rapidly than wealth is the decade 1890 to 1900. The proportion of expenditures to wealth was less in 1912 than in any census year since 1860. On page 33 the statement is made that in 1800 federal expenditures for the army, navy, and interest left the government poor and that it was saved only by "the proceeds from the sale of public lands, which began to come in soon after this." As a matter of fact, receipts from public lands were small for the period 1800-1812 but in every year with the exception of 1809 receipts from customs yielded a large surplus over all expenditures making possible the rapid reduction of the debt for which Gallatin's administration of the treasury is famous. The circulating notes of the government amount to \$347,000,000 not \$375,000,000 (p. 42). The increase of county indebtedness from \$200,000,000 to \$372,000,000 was not an increase of 186 per cent (p. 109). The English income tax before the war did not reach its maximum rate at incomes of \$3000 (p. 121). The federal government in the United States was not by the constitution "forbidden to use certain direct taxes" and it is hardly correct to say that it "recently has definitely acquired the right, granted before but not too clearly, to use an 'income

tax' " (p. 118). A superfluous comma gives a peculiar meaning to the statement, "It is estimated that the Civil War cost the Federal Government \$6,190,000,000 all told, exclusive of pensions, since 1880" (p. 34).

HENRY B. GARDNER.

Brown University.

American Municipal Progress. By CHARLES ZUEBLIN. New and revised edition. Social Science Text-Books, edited by RICHARD T. ELY. (New York: The Macmillan Company. 1916. Pp. xiv, 522. \$2.00.)

The output of books dealing with municipal topics has been astoundingly generous during the past decade. In fact, a casual observer might gather the impression that we are trying to atone for the slight attention which we formerly accorded municipal government in its many phases. And it must be confessed that in all this making of books about our American cities the general average has been discouraging low. Our cities have progressed more rapidly than have our methods of exploiting this progress.

But Zueblin has given to American students of municipal government the most practical work yet published. He has taken the original edition which appeared in 1902 and brought it distinctly down to date. Indeed, the 1916 edition is so modern alike in the municipal progress which it records and in the spirit which animates it throughout that it resembles the original work only in the larger outlines. The difference in the content of the two books discloses in a striking manner the comparatively enormous strides that American cities have made in the fourteen years intervening between the two editions. The purpose of the book is to record "typical instances of American municipal progress"; and it is "designed primarily to indicate to civic and social workers, public officials and intelligent citizens the vast scope of municipal activity."

Zueblin must have been very much impressed with the persistent efforts of the cities to socialize their governmental instruments: he devotes the greater part of his space to describing the social welfare programs of American municipalities. And he is fully justified in this partiality by the actual experiences and purposes of the American city. He describes in a very graphic manner what the municipalities are doing in the field of charities and corrections, in providing educational facilities for their youth, in

creating social centers, in establishing adequate systems of public recreation, and generally in making city life healthy, safe, interesting, and uplifting.

His treatment of the fiscal problems of the American city is not so satisfactory. He instances the ends that can be best served by municipal disbursements, but he almost entirely ignores the channels through which the money to be disbursed must come. This was probably a gracious omission, for practically the only progress made by cities in this particular has been a simple increase in the former tax rates. His work would have been more complete if he had touched ever so slightly upon the credit system of the American municipalities. The enormous outstanding bonded indebtedness of American cities should inspire the historian of municipal progress to give it more than scant notice.

The author is firmly committed to municipal ownership. "There can be no municipal efficiency while public utilities are in private hands." He summarizes the experiences of American cities in the following sentence: "Municipal ownership succeeds wherever it is not opposed by the business men and by the press." And he gives more content to the term "municipal ownership" than is ordinarily associated with it.

In reading the volume one experiences the sensation of glancing through the note-books of an open-eyed, well-travelled, many-minded, witty observer. Pithy sentences relieve the encyclopedic strain. Unfortunately it is a book which will have to be rewritten every decade, for the very progress which it chronicles must yield in time to a more overshadowing progress.

D. HIDDEN RAMSEY.

NEW BOOKS

BAUDIN, P. *Le budget et le déficit*. Second edition, revised. (Paris: Alcan. 1916. 3.50 fr.)

CHRYSTIE, T. L. *The law and practice of inheritance taxation in the state of New York*. (New York: Banks Law Pub. Co. 1914. Pp. v, 890; Supplement 1914-1915, pp. x, 891-1114.)

This is a law book containing a digest by sections of the law as it existed at the end of 1913 with full references to the corresponding sections of earlier laws, together with an alphabetically arranged compendium. There are in addition chapters on The Taxable Transfer, Rates of Tax and Exemptions, Procedure, Non-Resident Estates, a full digest of decisions by the Court of Appeals and of prior laws in chronological order, and summaries of laws dealing with decedent

estates and the stock transfer tax. The supplement brings the work down to 1915. It is a well arranged and useful summary.

H. B. G.

CLARK, E. *Financing the public schools*. (Cleveland, O.: Survey Committee of the Cleveland Foundation. 1915. Pp. 133. 25c.)

FILLEBROWN, C. B. *A burdenless tax. The A B C of taxation. The single tax tripes*. Second edition. (Boston: C. B. Fillebrown, 77 Summer St. 1916. Pp. 27.)

KOERSNER, A. and DICKSON, C. *The moratorium*. (Stockholm: University of Commerce. 1916. Pp. 700.)

LIESSE, A. *L'organisation du crédit en Allemagne et en France*. (Paris: Berger-Levrault. 1915. Pp. 171. 90c.)

MARTINON, A. *Etude sur une révision du cadastre*. (Paris: Rousseau. 1916. 3.50 fr.)

MENDER, F. *Das moderne Zollschutzsystem seine wissenschaftlichen Befürworter und Gegner in Deutschland seit den siebziger Jahren des XIX. Jahrhunderts*. (Zürich: Füssli. 1916. Pp. xviii, 232. 4.20 M.)

To be reviewed.

MUNRO, W. B. *Principles and methods of municipal administration*. (New York: Macmillan. 1916. Pp. xi, 491.)

PARISOT, L. *Guide pratique du contribuable en matière d'impôt sur le revenu (Loi du 15 juillet 1914 et décret du 15 janvier 1916)*. (Paris: Librairie du Droit Usuel. 1916. 1.50 fr.)

REHM, H. *Weinhandel und Schaumweinsteuer. Ein Beitrag zur Lehre von der Preis- und Vertreter-Organisation*. Finanzwirtschaftliche Zeitfragen, 16. (Stuttgart: Enke. 1915. Pp. 38. 1.40 M.)

RIESSER, J. *Préparation et conduite financière de la guerre*. (Paris: Payot. 1916. Pp. xvi, 224. 5 fr.)

SCHMALENBACH, E. *Finanzierungen*. (Leipzig: Gloeckner. 1915. 7.80 M.)

SONNE, H. C. *The city. Its finance July 1914 to July 1915 and future*. (London: Wilson. 1915. Pp. x, 208. 5s.)

TESCHENMACHER, H. *Reichsfinanzreform und Innere Reichspolitik 1906-1913. Ein geschichtliches Vorspiel zu den Ideen von 1914*. (Berlin: Springer. 1916. Pp. 92. 2 M.)

WILLIAMSON, C. C. *Public finance. A review of federal, state, and local taxation and finance during 1915*. Reprinted from American Year Book. (New York: Appleton. 1916. Pp. 351-365.)

WRIGHT, H. C. *The American city. An outline of its development and functions*. National science series. (Chicago: McClurg. 1916. Pp. 178. 50c.)

YIN CH'U MA. *The finances of New York City*. Columbia university studies in history, economics and public law, vol. LXI, no. 2. (New York: Longmans. 1914. Pp. 312. \$2.50.)

Contains a detailed description of the existing financial system of New York City and of the reforms recently proposed and accomplished, taking up the budget, taxation, debt, and financial control, in the order named. While its discussion of some questions (e.g., the franchise tax) is not entirely clear and the book can hardly be said to be easy reading, it brings together a great amount of useful information concerning the effort to improve the administration of New York City finances, not elsewhere obtainable in compact form.

H. B. G.

Addresses and proceedings of the fifth state conference on taxation, at Albany, N. Y., 1915. (Albany: State Tax Dept. 1915. Pp. 466.)

Proceedings of the ninth annual conference of the National Tax Association, held at San Francisco, Aug. 10-18, 1915. (New York: Nat. Tax Assoc. 1915. Pp. 514.)

Standard manual of the income tax. Revised edition. (New York: Standard Statistics Co. 1916. Pp. 332. \$2.)

Population and Migration

NEW BOOKS

BERNE, P. *L'immigration européenne en Argentine*. (Paris: Rivière. 1916. 5 fr.)

CARR, J. F. *Guide to the United States for the Jewish immigrant; a nearly literal translation of the second Yiddish edition*. Third edition. (New York: Immigration Publication Society. Pp. 64. 50c.)

CRAWFORD, R. *The immigrant in St. Louis. A survey*. Studies in social economics, vol. I, no. 2. (St. Louis: School of Social Economy. 1916. Pp. 108. 50c.)

To be reviewed.

FINLEY, J. *The French in the heart of America*. (New York: Scribner's. 1915. Pp. 431.)

Forty-fourth annual report of the Local Government Board, 1914-1915. Supplement containing a report on maternal mortality in connection with child-bearing and its relation to infant mortality. (London. 1916. 7s. 6d.)

The Jews in the eastern war zone. (New York: American Jewish Committee. 1916. Pp. 120.)

Social Problems and Reforms

Means and Methods of Agricultural Education. By ALBERT H. LEAKE. Hart, Schaffner & Marx Prize Essays, XXI. (Boston: Houghton Mifflin Company. 1915. Pp. xxiii, 273. \$2.00.)

The author, being inspector of manual training and household science in Ontario, Canada, presents the subject-matter from the point of view of a well-balanced judgment of educational values. The book is largely descriptive in character, embracing the best means and methods of agricultural education in the United States and Canada, and briefly in Denmark.

Now that city and country life are becoming more and more interdependent, agricultural education is seen to be a matter that concerns the urban as well as the rural population. The scope of this kind of education is very broad. It includes not only such regular institutions as the agricultural college and the elementary and high schools of the country districts, but also the grange, farmers' clubs, "moonlight schools," boys' and girls' clubs, the Department of Agriculture, farmers' institutes and other extension agencies. Just why the rural press or even the rural church and the county Y. M. C. A. should be disregarded in this comprehensive treatment of rural educational agencies does not appear. The author points out such well-known defects of country schools as poor buildings, faulty curricula, slight preparation of teachers, short tenure, insufficient pay, and scanty supervision. He calls attention to the need for more male teachers, the benefits of demonstration or model schools, the desirability of making the county the proper administrative unit, and the necessity of adapting the country school to the needs of the community. Iowa is cited as furnishing examples of "the best that had been done in the correlation of the work of the one-teacher rural school with farm life and agricultural occupations."

A good presentation is made of consolidated rural schools, and of secondary schools of agriculture. The best examples of the various types are well chosen, the defects in the way are clearly recognized, and no extravagant benefits claimed. The author's treatment of the purposes and achievements of the land grant colleges is also very satisfying. He frankly faces the arraignment of these institutions by the Carnegie Foundation for the Advancement of Teaching. The charges that these institutions are an imitation of the old arts colleges and schools of technology, that in them engineering has become a dominant factor, that no other colleges are so successful in taking the boy from the farm and sending him somewhere else, and that in their desire to impress legislatures with the importance of numbers they have lowered their standards and depleted the high schools—all of these

charges are taken up separately, and by a recital of facts are given as effective an answer as it is probably possible to make.

It is when the author deals with the various forms of extension service that he shows the keenest appreciation of his subject. This form of teaching he says "has been looked upon in too many cases as a means of exploiting the college and in some cases of advertising individual professors." This, however, is simply a danger accompanying a remarkably popular type of education. One of the most far-reaching efforts to carry definite agricultural instruction to the farmers is the location of an expert permanently in the county. In the province of Ontario, for example, there are more than thirty of these men with as many assistants permanently located in as many counties. The Smith-Lever bill passed by Congress in 1914 may be expected to give a great impetus to this kind of extension work in the United States. The most urgent need in this field at present is for organization and systematization of extension methods. The author shows insight by including the coöperative movement among farmers as an important educational influence. His illustrations in this field are entirely from Denmark. It is a movement in which "the individualism of the farmers seems to have been swallowed up in highly developed community spirit."

The style of the book is clear, the analyses are reasonably complete, and the judgments free from all suspicion of being "half-baked." As a concise yet comprehensive account of the best practices in agricultural education, the book has an honorable place in the rapidly increasing literature on this subject.

E. K. EYERLY.

NEW BOOKS

- ALLEN, F. J. *Business employments*. (Boston: Ginn. 1916. Pp. xi, 218. \$1.)
- AYRES, L. P. *Child accounting in the public schools*. (Cleveland, O.: Survey Committee of the Cleveland Foundation. 1915. Pp. 68. 25c.)
- AYRES, L. P. and M. *Health work in the public schools*. (Cleveland, O.: Survey Committee of the Cleveland Foundation. 1915. Pp. 59. 25c.)
- BOURNE, R. S. *The Gary schools*. (Boston: Houghton Mifflin. 1916. \$1.15.)
- BRAILSFORD, H. N. *The war of steel and gold. A study of armed peace*. Third edition. (New York: Macmillan; London: Bell. 1915. Pp. 340. 80c.)

This brilliant essay suffices to establish its author's reputation as a political seer and prophet of the first class. Its first edition was written before August, 1914, and yet, now that the war of steel and gold has passed into the actual clash of arms, the author does not need to change his text except for the addition of a few notes and of some concluding pages containing a discussion of terms of peace and of the possible creation of a European federal league of peace. Such an achievement demonstrates clearly the unusual accuracy of Mr. Brailsford's political and economic knowledge.

No other observer has more unerringly pointed out, behind Imperialism and Expansion, the eagerness of "big business" to secure investments in lands where valuable "concessions" can be obtained by bribes and where cheap labor can be easily exploited under the protection of a "mailed fist." The author's new remedy for this competition of selfish aggression is the formation of a League of Nations, or continental *Zollverein*, with guarantees of such economic advantages to its members "that only a State bent on suicide would renounce them." Military force would be a sort of second line of defense, "held in reserve for an emergency which the economic structure of the League must render improbable."

This thoughtful work is to be classed with a few others, like Perris' *War Traders, War and Democracy* by Messrs. Seton-Watson, Wilson, Zimmern and Greenwood, and J. A. Hobson's *Imperialism*, books that reveal some of the most fundamental forces underlying the rivalries of modern states and producing the present struggle for world-empire.

CHARLES H. LEVERMORE.

- CARDULLO, F. E. *A study of safety and welfare work in manufacturing and selling organizations*. (Lockport, N. Y.: F. E. Cardullo, 48 Ashley Bldg. 1916.)
- CARROLL, C. E. *The community survey in relation to church efficiency; a guide for workers in the city, town, and country church*. (New York: Abingdon Press. 1915. Pp. xiv, 128. \$1.)
- FLEXNER, A. *A modern school*. Occasional papers, no. 3. (New York: General Education Board. 1916. Pp. 23.)
- FOWLER, C. N. *The national issues of 1916*. (New York: Harper. 1916. Pp. 434.)
- GOODSELL, W. *A history of the family as a social and educational institution*. (New York: Macmillan. 1916. Pp. 588. \$2.)
- HARPER, G. S. *Some uses of social case work in medical training*. (Chicago: National Conference of Charities and Correction, 315 Plymouth Court. 1916. 7c.)
- HIBBS, H. H. *Infant mortality and urban, housing, and living conditions*. Reprinted from the *Journal of Sociologic Medicine*. (New York: Am. Acad. of Medicine. 1916.)

- HUBBARD, F. M. *Prevention of cruelty to animals in the states of Illinois, Colorado, and California.* Proceedings of the Academy of Political Science, vol. VI, no. 2. (New York: Columbia University. 1916. Pp. 112.)
- JACOBS, C. L. *A vocational guidance bibliography; prepared for school and public libraries and arranged especially for youths, teachers, and specialists.* (Sacramento, Cal.: State Dept. of Educ. 1916.)
- MCCULLOCH, J. E. *The new chivalry—health.* (Nashville, Tenn.: Southern Sociological Congress. 1915. Pp. 555. \$2.)
- MACDOUGALL, A. W. *The resources for social service, charitable, civic, educational, religious, of Newark, New Jersey; a classified and descriptive directory.* (New York: Bureau of Associated Charities. 1916. Pp. ix, 220. \$1.)
- MACMILLAN, W. M. *Economic conditions in a non-industrial South African town.* (Grahamstown: Rhodes University College. 1916. 6d.)
- MORGAN, A. *Education and social progress.* (New York: Longmans. 1916. Pp. 252. \$1.25.)
- O'LEARY, I. P. *Department store occupations.* (Cleveland, O.: Cleveland Foundation Survey Committee. 1916. Pp. 127. 25c.)
- POTTER, Z. L. *The correctional system of Springfield, Illinois.* (New York: Dept. of Surveys, Russell Sage Foundation. 1915. Pp. 185. 25c.)
- SCHNEIDER, F. *Public health in Springfield, Illinois.* (New York: Dept. of Surveys, Russell Sage Foundation. 1915. Pp. 159. 25c.)
- SCHROEDER, T. *Free speech for radicals.* Enlarged edition. (Riverside, Conn.: Published for the Free Speech League by Hillacre Bookhouse. 1916. Pp. 206. \$1.50.)
- SINGERLAND, W. H. *Child welfare work in Pennsylvania.* (New York: Dept. of Child-Helping, Russell Sage Foundation. 1916.)
- STRONG, A. L. *Child-welfare exhibits. Types and preparation.* Miscellaneous series no. 4. Bureau publication no. 14. (Washington: U. S. Dept. of Labor, Children's Bureau. 1916. Pp. 73.)
- WILLIAMS, A. *Life in a railway factory.* (London: Duckworth. 1916. 5s.)
- WILMARTH, L. T. *How one city got better housing.* (New York: National Housing Assoc. 1915. Pp. 9. 5c.)
- An A B C of housing.* (San Francisco: Commission of Immigration. 1915. Pp. 15.)
- Bibliography on country life, the farm and the small town.* (Indianapolis: Indiana State Library. 1915. Pp. 11.)
- Circular of information relating to continuation schools.* (Boston: W. S. Field, Mason St. 1916. Pp. 44.)

Extracts from liquor laws of prohibition states. (Richmond: Legislative Reference Bureau of Virginia. 1916. Pp. 264.)

Presents the principal liquor laws of prohibition states including amendments of 1915.

Feeble-mindedness. A selected bibliography. (New York: Russell Sage Foundation. 1916. Pp. 3.)

Increases in rental of small dwelling-houses in industrial districts in Scotland. Report of the departmental committee with evidence and appendices. (London: Wyman. 1916. 1s. 2d.)

Journal of the National Institute of Social Sciences, vol. 1, no. 1. (Boston: Boston Book Co. 1915. Pp. 242.)

There is a chapter on "Social and economic conditions of the Indians of Guatemala and Mexico," by Thomas R. Dawley, Jr., and one on "Rural credits," by Duncan U. Fletcher.

Papers and proceedings of the ninth annual meeting of the American Sociological Society, held at Princeton, N. J., December 28-31, 1914. Tenth annual meeting, held at Washington, D. C., December 28-31, 1915. (Chicago: Univ. Chicago Press. 1915; 1916.)

Report of the Minneapolis survey for vocational education. (New York: National Society for the Promotion of Industrial Education. 1916. Pp. 697.)

The social survey: a bibliography. Bulletin no. 4. (New York: Russell Sage Foundation. 1915. Pp. 12. 5c.)

Third annual report of the chief of the Children's Bureau. Fiscal year ended June 30, 1915. (Washington: U. S. Dept. of Labor, Children's Bureau. 1916. Pp. 26.)

The 1915 Year Book of the United States Brewers' Association. (New York, 50 Union Sq. 1915. Pp. 360.)

Contains chapters on "Efficiency and drink"; "Alcohol as a factor in industrial accidents"; "Economic effects of prohibition in Tennessee"; "A review of laws compensating the beer and liquor trade"; "Relative death-rates of self-declared abstainers and moderate drinkers from the actuaries' viewpoint."

Insurance and Pensions

NEW BOOKS

BATY, T. *Vicarious liability. The history of the liability of employers, principals, partners, associations, and trade union members, with chapters on the law of Scotland.* (London: Oxford Univ. Press. 1916.)

DAWE, S. *Eastern edition of the little gem vest pocket chart of regular life insurance companies.* (Boston: S. Dawe. 1915. Pp. 456. \$1.)

DAWSON, M. M. *Survivorship annuity tables. Minor annuitants. American experience table for life of nominator. Danish survivor-*

ship annuitant table for life annuitant. Interest at $3\frac{1}{2}$ per cent. (New York: Chronicle Co. 1915. \$25.)

DERCUM, F. X. *Hysteria and accident compensation; nature of hysteria and the lesson of the post-litigation results.* (Philadelphia: G. T. Bisel Co. 1916. Pp. 120. \$2.)

FARRAR, F. A. *Factories and great industries. With some account of old age pensions, state insurance, the relief of distress hospitals.* (London: Cambridge Univ. Press. 1916. Pp. 100. 1s. 6d.)

HAHN, J. *Handbuch der Krankenversicherung.* (Berlin-Lichterfelde: Verlag der "Arbeiter-Versorgung." 1915. Pp. 881.)

JONES, F. R. *Case against state-managed insurance under workmen's compensation laws. An address delivered at the Temple University, Philadelphia, December 15, 1915.* (New York: Roy Press. 1916. Pp. 16. 25c.)

JONES, F. R., compiler. *Digest of workmen's compensation laws in the United States and territories, with annotations.* Fourth edition. (New York: Workmen's Compensation Publicity Bureau. 1915. Pp. 73. \$2.)

The well-known *Digest* compiled by Mr. Jones appears now in a fourth edition, revised to December 1, 1915, and including the amendments and new statutes of 1915. The form has not been changed; but the scope is extended, not only by the inclusion of the provisions of many new laws, but also by a fuller indication of the content of the various statutes and by a welcome and valuable citation of judicial interpretations down to October 1, 1915. The names and addresses of the several administrative and supervisory boards and officials are also given.

For the insurance man, for whom primarily the digest is prepared, the compilation is of the highest value. Substantially all facts as to the statutes which he will wish to know are made easily accessible by the convenient arrangement of parallel and horizontal columns. In the nature of the case provisions of law can not be stated fully in a digest, and the necessary brevity of statement has resulted in not a few minor and formal inaccuracies; but the compiler's uniform practice of referring to sections and subsections makes it an easy task to trace out exactly the nature of the acts. It is not enough to say that this digest is a reliable handbook for all those interested in workmen's compensation insurance: it is practically indispensable for them. Both in comprehensiveness of scope and in the skill, care, and accuracy displayed in its preparation it is superior to any other work of its kind.

To the general student of workmen's compensation the digest is, perhaps, not quite so satisfactory. The employments covered are not described with all desirable, or practicable, fullness and accuracy. Nor are the respective powers and duties of the courts and of the administrative boards in the enforcement of the laws indicated as fully as some readers might wish. Some might wish more upon these mat-

ters, and possibly upon still others, even at the sacrifice of details as to the posting of notices and as to the specific penalties for non-compliance with the laws. But these are not suggestions as of serious defects; and for the economist, as for others interested in modern social policies, this digest remains an indispensable guide. In its new edition it is even more valuable than before.

WILLARD C. FISHER.

OLIFIERS, E. *Tables for the valuation of the death benefits provided by the New York workmen's compensation law of 1914. Based upon the Danish survivorship table of mortality and the Dutch royal insurance remarriage table, 3 1/2 per cent interest.* (New York: Edward Olifiers. 1915. Pp. 29.)

RABANY, C. *Les pensions civiles de l'état, commentaire des lois des 9 juin 1853, 30 décembre 1913 et 14 mars 1915.* (Paris: Berger-Levrault. 1915. Pp. 424. 4 fr.)

TRUPIER, R. *Etude sur l'assurance contre le vol.* (Paris: Tenin. 1916. 5 fr.)

The American underwriter's pocket chart of 232 life insurance companies for the year ending December 31, 1915. (New York: Thrift Pub. Co. 1916. 25c.)

Claims to benefit. Decisions given by the umpire. Vol. II, Nos. 501-1000, to April 22, 1915. (London: Wyman. 1915. 2s.)

Digest of workmen's compensation laws in the United States and territories, with annotations. Fourth edition, revised to December 1, 1915. (New York: Workmen's Compensation Publicity Bureau. 1915. \$2.)

An explanation of the Oklahoma compensation statute (from the standpoint of the employer). How to render first aid. The why and how of accident prevention. The value of casualty inspections. (Baltimore: Maryland Casualty Co. 1915. Pp. 51.)

Negligence and compensation cases annotated; with pleadings and forms. (Chicago: Callaghan. 1915. Pp. 1182. \$6.50.)

The problem of pensions; federal, state, municipal and industrial, as presented at the sixteenth annual meeting of the National Civic Federation, Jan. 17-18, 1916. (New York: Nat. Civic Fed. 1916.)

Proposed standard schedule for grading cities and towns of the United States with reference to their fire defenses and physical conditions. (New York: National Board of Fire Underwriters. 1915. Pp. 61.)

Railroad men's manual for computing compensation, applying on C. & N. W. R'y. (Boone, Ia.: Gilgis & Warner, 1915. Pp. 48. 25c.)

Report on the pension funds of the city of New York. Part I. Opera-

tion of the nine existing pension funds. (New York: Commission on Pensions. 1916. Pp. 171.)

Workmen's compensation. (Norman, Okla.: University of Oklahoma. 1915. Pp. 132.)

Workmen's compensation law of the state of Kansas. Reprinted October, 1915. *Wisconsin, revised with amendments and supplementary acts, September, 1915.* (New York: G. I. Wilson & Sons. 1915. Pp. 24; 32. 25c each.)

Workmen's compensation law of the state of Nebraska. Reprinted October, 1915. (New York: Roy Press. 1915. Pp. 32. 25c.)

The younger life insurance companies, results of the first decade of the "New company movement"; embracing all life insurance companies organized in the United States during the ten years ending December 31, 1914. (New York: Alfred M. Best Co. 1915. \$1.)

Pauperism and Charities

The Charities of Springfield, Illinois. By FRANCIS H. McLEAN. A Survey under the Direction of the American Association of Societies for Organizing Charity. The Springfield Survey, Charities Section. (New York: Russell Sage Foundation, Department of Surveys and Exhibits. 1915. Pp. ix, 185. \$0.25.)

A noteworthy addition to the rapidly growing volume of literature in the field of the social survey is made by the results of the charities section of the Springfield survey. It had four objects:

1. To discover as definitely as possible the size and character of the charity problem of the city, and determine what portions of the field of charitable work are being covered and what, because not covered, show need of community action.
2. To suggest, in order to fill these gaps, both new methods of work and new work for individual charitable organizations.
3. To suggest a possible new division of work among the organizations, public and private, and their better co-operation, in so far as such suggestions seem to be indicated by their present procedure.
4. To indicate such lines of action by organizations and the community as aim at the removal, or improvement, at least, of the conditions which disorganize family life.

To reach these ends the general problem of dependency and the consequent need of charitable effort was divided into four main parts: (1) children in Springfield institutions; (2) the care of the indigent sick; (3) disabilities which lead to the disorgani-

zation of family life; and (4) the philanthropic and social agencies dealing with families. In addition the survey gave some attention to the general problem of financing the local charity work.

The method of investigation comprised personal visits to and examination of Springfield institutions and organizations while in operation, a study of the general records of these institutions, a compilation and analysis of the case records of some 36 of the 47 local charitable agencies, a more detailed study of a few illustrative cases of dependency, and consideration of certain general conditions in the city which were related to its charity situation.

The light that this investigation throws on the manner in which this typical American community of the Middle West is meeting its social obligations is illuminating. It proclaims in no uncertain tones the need for making our "charity more intelligent and our intelligence more charitable." Too often were the records of the various agencies studied so defective that several kinds of important information sought could not be secured. Too often were the rudiments of scientific case work lost sight of either because of lack of adequate training of those responsible for it or because a too great pressure of work, due to an inadequate working force, had resulted in a hammering down of the standard of work which might otherwise have obtained. Too often was overlapping of work revealed or serious gaps discovered in the machinery necessary for an adequate handling of the problem in question.

To correct what may otherwise be too gloomy an impression of conditions found, certain aspects of the survey, bright with hope for the future, should be stressed. In the first place the survey itself was undertaken only after an urgent request from many public-spirited citizens of Springfield. "A city surveyed is a city unafraid." A willingness not to mention eagerness for a searching investigation for the purpose of putting one's house in order should the facts reveal the need of such, augurs well for the future. The recommendations of the staff making the survey are fearless and constructive. The scientific and non-partisan spirit in which they are offered must doubtless assuage much of that natural sensitiveness to criticism which any survey so searching in scope is bound to encounter.

FRANK D. WATSON.

Haverford College.

NEW BOOKS

FEINBERG, L. *Section on charity from the Shulhan Arukh translated.* Studies in social work, no. 6. (New York: N. Y. School of Philanthropy. 1915. 25c.)

Second annual report of the Municipal Charities Commission, July 1, 1914-July 1, 1915. (Los Angeles: Munic. Charities Commission. Pp. 106.)

Includes three of the lectures in a course of nine free lectures offered by the commission to citizens of Los Angeles: "The charity of the ancient world," by Rabbi Martin A. Meyer; "Charity organization movement," by Rockwell D. Hunt; and "Reconciling public and private relief," by Jessica B. Peixotto.

Socialism and Co-operative Enterprises

NEW BOOKS

BOOTHMAN, H. *Land nationalization; an explanation of the bill approved by the Land Nationalization League of the United States for making land national property.* (Libby, Mont.: H. Boothman. 1915. Pp. 24. 25c.)

BOUDIN, L. B. *Socialism and war.* (New York: New York Review Pub. Assoc. 1916. Pp. 267. \$1.)

CAHN, H. *Capital to-day. A study of recent economic development.* (New York: Putnams. 1915. Pp. x, 313. \$1.50.)

A prophecy of the impending industrial cataclysm, based on Marxian principles.

MACY, J. *Socialism in America.* The American books. (Garden City: Doubleday, Page. 1916. Pp. x, 249. \$1.)

PEASE, E. R. *The history of the Fabian Society.* (London: Fifield. Pp. 300. 5s.)

QUAIFE, M. M. and others. *Collections on labor and socialism in the Wisconsin state historical library.* (Madison: State Hist. Library. 1916.)

ROBBINS, E. C., compiler. *Socialism.* The handbook series. (White Plains, N. Y.: Wilson. 1915. Pp. xvii, 223. \$1.)

SPARGO, J. *Marxian socialism and religion; a study of the relation of the Marxian theories to the fundamental principles of religion.* (New York: Huebsch. 1915. Pp. 187. \$1.)

A capitalist's view of socialism, by the author of "From boyhood to manhood." (New York: Parke, Austin & Lipscomb. 1916. Pp. 223. \$1.)

Should socialism prevail? A debate held October 21, 1915, Brooklyn, N. Y., under the auspices of the Brooklyn Institute of Arts and Sciences. Affirmative: Scott Nearing, Morris Hillquit; negative:

John L. Bedford, Frederick M. Davenport. (New York: Rand School. 1916. Pp. 48. 10c.)

The thirty-second annual report of the work of the Fabian Society for the year ended 31st March, 1915. Also the rules of the Society. (London: Fabian Soc. 1915. Pp. 25.)

Statistics and Its Methods

Modes of Research in Genetics. By RAYMOND PEARL. (New York: The Macmillan Company. 1915. Pp. vii, 182. \$1.25.)

This book has a distinct message not only for general biologists, biometricians (the followers of Galton and Pearson), but for students of statistical method, whether economists, sociologists, or professional statisticians.

To the general biologist the author says, in effect: Your attitude toward biometry is in need of alteration in one important particular. Under the leadership of Galton and Pearson the biometricians have devised a unique apparatus for scientific research—a set of mathematical instruments of the greatest efficiency and value, which are a necessary adjunct to the experimental method in any branch of science. You have, on the whole, set a low value on the theoretical conclusions of the biometric school; and your scepticism is well grounded. But the fact that the new methods, the mathematical tools of this group of enthusiasts, have not in the hands of their creators produced results of great biological significance should not blind you to the merits of these tools as essential adjuncts of the experimental method of research. Mendelism itself, as a method of research, is essentially statistical. Where quantitative problems are to be handled you can not afford to overlook the most perfect equipment for handling them.

To the biometrician the message runs as follows: You have given to scientific research a tool of the very greatest value. But you have not used well your own invention. You have unwittingly employed biological assumptions as the basis of your reasoning, and these assumptions have been unsound. As a result "the whole superstructure of the biometric treatment of inheritance is reared upon a fundamental biological error. When the significance and consequences of this initial error are perceived it is seen at once that the whole reasoning, so far as it concerns heredity, falls to the ground" (p. 68).

To the general student of statistical method the message is

somewhat as follows: You have had presented to you mathematical implements of precision and power. Gifted mathematicians, the very inventors of these implements themselves, have erred in their use. The temptations to their misuse are highly seductive. Nothing as to causation is to be proved by measuring two variables and calculating their coefficient of correlation. Mere correlation affords no proof either of the direction of causation or of the methods or mechanism by which it works. Knowledge of this sort must be derived from information from outside the table. *This warning is in practice exceedingly hard to remember.* Moreover, in the mere setting of your problem you are likely to conceal presuppositions which vitiate your whole reasoning. Eternal vigilance is the price of safety.

The above free interpretation seems to the reviewer to give an idea of the essential message of the first three chapters of the book. There is much more, both of biology and of statistical method, to be gleaned from the book itself than can possibly be indicated in a scanty summary.

The author is the biologist of the Maine Agricultural Experiment Station. He is a delightfully clear thinker, and an extremely interesting and lucid writer. He has much to say to the biological fraternity which the present writer can not judge with any authority. It would seem clear, however, from this book that the general biologists have been guilty of a curious neglect of the biometric tool-chest. In pointing this out our author assumes no air of superior perspicacity. His tone is modest, sincere, and utterly incapable of giving offense.

So far the book is a study of the biometric equipment as a set of implements for research. In chapter 4 the author essays an experiment of his own in biometrics. (By no means his first, for his researches in the study of heredity are well-known.) He formulates a definition of inbreeding and devises a coefficient for its measurement. To the layman the experiment seems highly successful, so much so that one is at a loss to understand the looseness of the term inbreeding as used hitherto by biologists and breeders. Pearl's mathematical elegance stands out in vivid contrast against the current looseness of expression and thought, and beautifully demonstrates the utility of the biometric mode of formulation for which the author has been arguing.

The concluding chapter on Genetics and Breeding raises the question of the practical significance to the breeder of recent

study of the laws of heredity. A captious critic might complain that this chapter detracts from the unity of the book as a whole. This would be ungracious criticism, however, for one striking feature of the book is to be found in the fact that the other four chapters, though printed originally as separate papers, are combined here with apparently little change into a highly unified whole.

WALTER M. ADRIANCE.

Princeton University.

The Wealth and Income of the People of the United States. By WILLFORD ISBELL KING. (New York: The Macmillan Company. 1915. Pp. xxiv, 278. \$1.50.)

The author undertakes to study the distribution of wealth quantitatively, as it should be done, instead of with reference merely to the traditional factors of production or merely to pecuniary values. Following some introductory matter is a chapter (ch. 3) entitled "Changes in the social wealth of the American people," which deals with evidences of the growth of material welfare. Next is a chapter on the "Distribution of wealth among families." After defining income, the author deals in succession with the national income and the industries that produce it (ch. 6), its distribution among the factors of production (ch. 7), the share of corporations in the national product (ch. 8), and, finally, the distribution of income among families (ch. 9). The book contains numerous tables and diagrams—59 of the former, as listed, and 29 of the latter.

A book dealing scientifically with the amount and actual distribution of wealth and income is much needed. The task is exacting in regard to both economics and statistics. Dr. King's achievement is not without merit. But the conception of the book preceded the date of the preface by only a year and a half, and its purpose is popular presentation—"an impressionistic picture," the preface says—rather than the advancement of scientific knowledge. In the existing state of the statistics required, however, the work must be judged mainly from the latter viewpoint.

Let us consider economic matters first. The place assigned to free goods as a component of national wealth and the statistical review of the natural resources of this country contribute to adequate ideas on these subjects. A more critical handling of census data, especially of "capital," is perhaps not required by the plan

of the book. Conclusions as to the tendency of wealth per capita and as to the composition of total wealth are in a general way well supported, also rather obvious. No account is taken of derivative income as a factor in reckoning aggregate or per capita income (*cf.* p. 128). That income from labor per laborer, as expressed in purchasing power, has rather declined in the United States in the past twenty years (about p. 201) is established. The author shows lack of discrimination in certain incidental matters. Thus, "real income" is identified with psychic income; and standard usage by which it means commodities or their equivalent—which is also etymologically correct—is characterized as "erroneous" (p. 114). The great per capita wealth of the United Kingdom is cited to prove that high degree of wealth concentration is favorable to saving (p. 105)—an explanation that puts the cart before the horse. Primogeniture is suggested as if a sufficient explanation of wealth concentration in England (p. 94). The reviewer has no objection to the economics back of the author's argument for restriction of immigration. But the subject calls for no more than incidental remark in a book on actual distribution, instead of which it (together with Malthus) occupies much space through the book, including the distinctly hortatory concluding pages of the last chapter.

On the more technically statistical side the crux of the matter is the analysis of available data of actual distribution. The following relates to the treatment of certain well-known Massachusetts probate statistics: "We shall assume that 500 dollars' worth was the upper limit [of unprobated estates of males dying over 25] with an average amount of \$375 in the first period and \$400 in the two latter periods" (p. 66). For similar Wisconsin data the figure is put at \$375 (p. 76). No evidence and no discussion of the assumption is offered. There is similarly an assumption in regard to the number of such estates in comparison with those probated. In the absence of evidence, should not the value be put at the mean point of the class, *i.e.*, \$250, and should it not be constant? The French figures give returns down to 0 and here (*cf.* p. 88) the average for estates showing net from 0 to 500 francs is 230 francs. The two sorts of assumption in question affect all the distributive per cents computed (except the French) and the corresponding curves. Dr. King's conclusion that "wealth distribution in the United States has remained fairly constant for several decades" (p. 118) is, therefore, not convincing. It does not appear to be

consistent with the statement made further on (p. 231) that "since 1896, there has occurred a marked concentration of income in the hands of the very rich." It is important to explain how these two propositions are reconcilable. Of the tables upon which the last-mentioned conclusion is based, it is said (p. 221): "The methods followed in combining the figures were mainly graphic and were too varied to describe." There is a direct and unqualified comparison of Prussian property-tax data and French inheritance-tax data with Wisconsin probate records (*cf.* pp. 90-91). Various further matters of statistical method are open to criticism.

The author of the book under review is evidently fair minded and he has done important work in bringing together a large and varied mass of statistics. But his faculty of statistical analysis does not meet the requirements of his task, or else he did not take time enough for the necessary critical reconsideration of his data and results.

G. P. WATKINS.

NEW BOOKS

ABBOTT, E. *Statistics relating to crime in Chicago. Reprinted from report of the city council on crime of the city of Chicago.* (Chicago: Chicago School of Civics and Philanthropy. 1915. Pp. 88.)

FISHER, A. *The mathematical theory of probabilities and its application to frequency curves and statistical methods.* Vol. I. *Mathematical probabilities and homographic statistics.* Translated from the Danish. (New York: Macmillan. 1915. Pp. xx, 171. \$2.)

Works on probability and its applications are not so numerous in English as to make a new text undesirable; indeed the textbook literature on this subject in English is small compared with that in some other languages. The present text is characterized by its breadth of view. The author examines various methods of developing his subject, contrasts them, and to a large extent combines them. He does not slur over the difficult or doubtful points of the theory or practice. There is probably no text in English so good for the student who desires a practical or theoretical knowledge of the subject. Especially welcome are the concluding remarks about the dangers of happy-go-lucky statistical researches.

E. B. W.

FROST, N. *A statistical study of the public schools of the southern Appalachian mountains.* (Washington: U. S. Bureau of Education. 1915. Pp. 71.)

WOODS, F. A. and BALTZLY, A. *Is war diminishing? A study of the prevalence of war in Europe from 1450 to the present day.* (Boston: Houghton Mifflin. 1915. Pp. xi, 105. \$1.)

DOCUMENTS, REPORTS, AND LEGISLATION

Industries and Commerce

A NOTABLE FARM MANAGEMENT SURVEY. The Office of Farm Management in the United States Department of Agriculture has recently published a bulletin entitled *Farm Management Practice of Chester County, Pa.*, by W. J. Spillman, H. M. Dixon, and G. A. Billings (Washington, No. 341, Jan. 17, 1916, pp. 99). That this publication is of more than local application is indicated by its objects: (1) To work out a method of studying regional farm management problems; (2) to discover fundamental principles of farm management; (3) to work out the application of these fundamental principles to the agriculture of a definite agricultural region. While the farm management survey method was originated by Professor G. F. Warren, of Cornell University, and has been in use for about ten years, the bulletin under discussion goes a long way toward standardizing methods of investigation and interpretation of results in the light of economic principles. The fundamental data are contained in detailed schedules filled out by trained investigators who interviewed the farmers. In addition to this, considerable information of a historical and statistical nature has been collected. In this study, 378 farms are brought under survey.

One of the most fundamental conclusions reached is in flat contradiction of the much exploited advantages of a "small farm well tilled." This conclusion is entirely consistent, however, with the results of farm management studies elsewhere. To quote: "Success in farming, measured in terms of the family income and standard of living, is directly proportional to the magnitude of the farm business, although the per cent of profits on the farm investment is, within wide limits, independent of the magnitude of business." The first point involved in this conclusion is demonstrated by the fact that the labor income, which is the amount that the farmer earns by his own labor above all expenses including the cost of unpaid family labor and interest on investment, increases steadily with the size of the farm, and that even a more marked increase is shown in the percentage of the farmers in each size group that earn over \$1000. On farms of under 40 acres only 6 per cent of the farmers make as much as \$1000, while on farms of over 160 acres 68 per cent make that amount or more. On the other hand, figures are presented to show that there is comparatively little relationship between the size of farm and the interest

on the capital invested. In other words, capital will, on the average, earn the amount usual for the region whether it is invested in a small or in a large enterprise, but labor will not receive anything like the same reward when expended on a small farm. Small farms do not provide a sufficient number of working days to keep the men or the horses employed throughout the year; the number of crop acres per man is more than twice as great in the larger as in the smaller farms, and consequently the expense of man labor per crop acre is much greater on the smaller than on the larger farms. The value of machinery per crop acre is also much greater on the small farms, and that in spite of the fact that the small farms are much less adequately equipped than the large ones.

"In the matter of yield of crops per acre the point of diminishing returns is reached on a considerable proportion of farms." To illustrate, the greatest excess over the average labor income is found on farms where the crop index, that is, the ratio of crop yields on each given group of farms to the average for the region, is between 115 and 139. On the farms having a higher crop index the labor income is less than in the preceding group; that is, the law of diminishing returns is very clearly operative in the business of the farmers included in the survey. On the other hand, in the quantity of product per dairy cow the point of diminishing returns is not reached in ordinary farm practice in Chester County, hence on dairy farms quantity of product per cow is, on the average, a more important factor of success in farming than is yield of crops per acre.

As a complement to the last two propositions the further conclusion is reached that: "It is both easier and more profitable to increase low acre yields than high ones and a small product per cow than a large one." Since it is increasingly expensive to increase the yields as they become higher, it is logical that profits can be increased most easily by attention to the weakest points in the system of farming.

One of the objects of the investigation was to determine more definitely the relation to the final income of the apportionment of acreage to different operations. This proposition is proved by the circumstance that the best results in this region are obtained by devoting from 30 to 39 per cent of the crop acreage to corn, a fact that was appreciated by only comparatively few of the farmers, since 188 of them were devoting only from 20 to 29 per cent of the acreage to corn and 138 less than 20 per cent. Similarly it is shown that the highest labor incomes were earned by farmers who derived between 1 and 20 per cent of their income from the sale of corn, while the

majority of the farmers did not sell any corn and had labor incomes below the average.

Again it is shown that certain enterprises may be distinctly profitable when occupying a minor position in the farm business and distinctly unprofitable if made major enterprises. For instance, it is clearly profitable to have some acreage in fruit, for the farmers who have none show labor incomes below the average, but it is better to have no fruit at all than to have more than 5 acres of it, unless the farmer has had special experience in fruit growing and marketing, for the farmers who have more than 5 acres have an average labor income less than half as great as the average for the region. So too it may pay a farmer to use his leisure and materials that would otherwise go to waste for carrying on a minor enterprise like poultry raising, while if he had to charge himself with the time the work consumed and with the value of the materials, the enterprise might appear to be a money losing one.

"Diversity of the farm business is, as a rule, an important factor in the success of farming." This, however, is modified by the statement that a medium degree of diversity sufficient to give good seasonal distribution of labor, complete utilization of land, and a considerable variety of sale products is better than either extreme diversity or a low degree of diversity.

It appears from this study that the application of economic principles to farm management practice is beneficial to the farmers; and there is a reciprocal advantage to the economist in having farm management surveys supply him with material and with concrete tests of the validity of his reasoning, as applied to a great industry.

E. A. GOLDENWEISER.

From the Federal Trade Commission has been received *Annual Report* for 1915 (pp. 14); and *Conference Rulings* (Bull. No. 1, Jan. 13, 1916, pp. 13).

The federal Department of Commerce has made an exhaustive report on *The Hosiery Industry* (Washington, 1915, pp. 258). Successive chapters deal with capital, profit, and turnover; cost and profit by establishments; cost and profit by specified units; manufacturing and selling; products, machinery, and processes; working conditions; foreign trade; and bibliography.

Among the reports published by the Chamber of Commerce of the United States presented at the fourth annual meeting held in Washington, February, 1916, are to be noted those on *Merchant Marine*

(pp. 29); *International Commercial Arbitration* (pp. 11); and *Maintenance of Resale Prices* (pp. 95).

The federal Department of Agriculture has published *A Study of the Tenant Systems of Farming in the Yazoo-Mississippi Delta*, by E. A. Boeger and E. A. Goldenweiser (Bull. 337, Jan., 1915, pp. 18); and *Brief History of the Movement to Secure Universal Cotton Standards* (Mar., 1916, pp. 50).

The *Hearings before the Committee on Ways and Means of the House of Representatives on Bill to Provide Revenue for the Government and to Establish and Maintain the Manufacture of Dyestuffs*, held January 14-15, 1916, are in printed form (Washington, pp. 248).

The National Foreign Trade Council has published a *South American Handbook*, a compilation of statistics regarding the public indebtedness, foreign commerce, and railway development of the South American republics (New York, 64 Stone St., pp. 55, 25c.).

A paper read before the Second Pan American Scientific Congress, December, 1915, on *The Economic Value of the Auction as a Distributor of Perishable Commodities*, by Victor K. McElhenry, Jr., has been reprinted (American Fruit and Produce Auction Association, 204 Franklin St., New York, pp. 19).

Corporations

PIPE-LINE TRANSPORTATION OF PETROLEUM. In response to a resolution of the Senate the Federal Trade Commission has issued the summary and conclusions of its report on *Pipe-Line Transportation of Petroleum* (*Letter of Submittal and Summary and Conclusions of the Report of the Federal Trade Commission on Pipe-Line Transportation of Petroleum*, Washington, Feb. 28, 1916, pp. x, 27). The full report will undoubtedly be published at some later date. The present report deals with the transportation of crude oil by the five large interstate pipe-lines tapping the Mid-Continent field, which comprises the oil-producing pools of Kansas, Oklahoma, northern Texas, and northern Louisiana. The Mid-Continent field contains the most productive oil-producing territory east of the Rocky Mountains. In 1914 this field yielded about 98,000,000 barrels of oil, or almost 37 per cent of the total production of the United States; and apparently its output has not yet reached its maximum.

During the period covered by this report none of the five leading pipe-line companies in the Mid-Continent field had, except for one

small shipment, acted as a common carrier in interstate commerce. By the Hepburn bill (1906) Congress had declared pipe-lines to be common carriers, but the constitutionality of this provision was disputed, and not until 1914 was this point settled. In that year the Supreme Court of the United States in "The Pipe Line Cases" held that pipe-lines engaged in interstate commerce were common carriers and subject to the jurisdiction of the Interstate Commerce Commission.¹ The pipe-line companies thereupon filed tariffs with the commission. This body, however, has not yet passed on the reasonableness of these rates; it is now conducting an investigation into the pipe-line situation, with particular reference to the Eastern fields.

On account of the failure of the pipe-line companies to accept their obligations as common carriers, the position of many of the independent refiners, as the report of the Federal Trade Commission shows, is still unsatisfactory. The greatest single item in the cost of refining is the crude oil, and the price of crude oil delivered at the refineries is to a large extent made up of the transportation charge. This indicates the importance of transportation as a strategic factor. Of the possible means of transportation by land, pipe-line transportation is the most economical. Because of the low cost of transporting crude oil by pipe-line the refining companies possessing pipe-line systems have been able to locate their refineries near the consuming centers; some of the Standard refineries at the seaboard derive a part of their crude oil supply from as far west as the Mid-Continent field. But though the cost of pipe-line transportation is very low, the pipeage rates are very high; and for this reason the refiners not allied with pipe-line systems have been compelled to locate near the crude oil fields, and generally at quite a distance from the markets. Use can not well be made of the railroads for the transportation of crude oil, except for comparatively short distances, since the rail rates are even higher than the pipe-line rates. To give an example cited in the report of the Federal Trade Commission, the railroad rate on oil from the Cushing field in Oklahoma to Whiting, Indiana, is about 62 cents per barrel, while by pipe-line it is only 42 cents; and to New York the rail rate is \$1.40 and the pipe-line rate only 70 cents.

While some of the independent refiners have their own pipe-line systems, none of the smaller ones do; the cost of pipe-line construction is so great that only a company of considerable size can afford to make the investment. The result, the Federal Trade Commission maintains, is that the prosperity and perhaps even the existence of

¹ 234 U. S. 548.

many small concerns is absolutely dependent on lower pipe-line rates.

The report on *Pipe-Line Transportation of Petroleum* is notable as being the first accurate investigation into the investment in pipe-line systems, and into the cost of their operation. But of more importance is the indication it gives as to the spirit in which the Federal Trade Commission will approach the problems with which it must deal. A reading of the report gives one the distinct impression that the Federal Trade Commission will uphold the high standard set by the Interstate Commerce Commission; that it will maintain a sane, scientific attitude, and will ever bear in mind the interests of the general public, which, after all, it was really created to serve.

ELIOT JONES.

State University of Iowa.

REPORT ON THE BOSTON SLIDING SCALE. The sliding scale method of regulating the price of gas has been in operation in Boston for ten years, and is the only instance in the United States in which this particular system of regulating gas rates has been tried. During recent years several bills have been introduced in the Massachusetts legislature to lower the price of gas in Boston. As a result of these efforts the last legislature instructed the Board of Gas and Electric Light Commissioners to conduct an investigation and make a report upon the operation and effect of the sliding scale, with recommendations as to the continuance or extension of this system. This report has now been submitted (*Report of the Board of Gas and Electric Light Commissioners Relative to the Price of Gas and Rate of Dividends as Applied to the Consolidated Gas Company, and known as the "London Sliding Scale,"* March, 1916, pp. 57).

The essential characteristic of the sliding scale is an "automatic and interdependent adjustment of the price of gas to consumers and of the rate of dividend to stockholders, whereby for every decrease or increase in price the stockholders are permitted an increase or suffer a decrease in the rate of dividend." Under the operation of this system dividends have been increased from 7 to 9 per cent and the price of gas has been lowered from 90 cents to 80 cents.

The board contrasts the value of the sliding scale with the long-established system of regulation applicable to the other gas companies of the commonwealth, and points out that under the former the state surrenders its power to reduce rates and must depend for reductions upon the self interest of the stockholders. The avowed purpose of the sliding scale is to increase the incentive to economical management

and low prices, by the prospect of an increase in dividends. The board admits that the cost of gas at the burner has been reduced, but maintains that the same is true of the companies not under the sliding scale, and is attributable to a greatly increased output without any corresponding increase in the actual expenses. That the sliding scale has been no more effective in securing rate reductions from the Boston Consolidated Gas Company than the system of regulation applicable to other companies, is evidenced, in the opinion of the board, by the fact that several other companies not under the sliding scale have reached the 80 cent price, all but two voluntarily, and that two others have even reached a 75 cent rate.

The board contends that there is upon the part of the company a "manifest tendency toward the exhaustion of its resources through the payment of dividends not fully earned, and without any adequate provision whatever for depreciation." The defense of the company is that the reductions in price proved to have been given too early and in anticipation of other advantages, and that, without the incentive of higher dividends, costs would not have been reduced nor the savings thus anticipated. The board replies: "But if the immediate rewards, direct and indirect, of this incentive are more important to the management than the permanent soundness of the investment, then the permitted dividends may be taken under this act with an apparent immediate advantage to the public, whatever its ultimate effect, but without consulting that other member of the partnership as to which policy is in the long run in its best interest."

The board asserts that "suspicion is aroused that the interests of the company may have been subordinated to the needs of the holding association (the Massachusetts Gas Companies) with its large issues of securities based primarily upon the gas supply of Boston, and that the freedom of action afforded by the sliding scale has aided this result." The board is outspoken in its conviction that the control of public utilities by holding associations makes it impossible to guard the resources of the corporations under supervision, which may, through dissipation of their properties become so enfeebled as to forbid hope of adequate service at low prices. It therefore recommends that the sliding scale should be repealed unless the Boston Company is entirely disassociated from the Massachusetts Gas Companies and its stock distributed directly among investors.

It is contended by the board that the conditions in the United States, and in England where the sliding scale is in vogue, are radically different. For in England direct interference with gas prices is practically

unknown and the sliding scale is the alternative to the maximum dividend method of regulation, under which the maximum dividends are regulated by public authority. The board regards it as inexpedient to extend the sliding scale system to the other gas companies of the commonwealth, asserting that the investigation has not revealed any such advantages of the sliding scale method as to justify its substitution for the system of regulation prevailing for the other companies. Upon the whole, the impression obtained from the report is that the sliding scale, as a device of regulation, has not demonstrated itself as superior to the ordinary method of regulation by commission action, and that it can hardly be said to have completely justified the hopes of its advocates.

RALPH E. HEILMAN.

University of Illinois.

Relating to the subject of valuation, briefs have been presented before the Interstate Commerce Commission by the railroad companies represented by the Presidents' Conference Committee (Thomas W. Hulme, secretary, Broad St., Philadelphia, Sept. 1, 1915, pp. 544): *Brief in Reply Filed on Behalf of the Railroad Companies Represented by the Presidents' Conference Committee* (Jan. 15, 1916, pp. 206); *Discussion of Some of the Fundamental Principles Involved in the Valuation of the Property of Common Carriers: Oral Arguments Presented by Counsel of the Presidents' Conference Committee*, September 30 and October 1, 1915 (Office of the general secretary of the committee, Philadelphia, pp. 111); and *Conference between Division of Valuation, Members of State Commissions, and Representatives of the Presidents' Conference Committee of the Railroads* (Washington, May 27, 28, 29, 1915, pp. 172).

The *Opinion of the Public Service Commission of Maryland in the Matter of the Chesapeake and Potomac Telephone Company of Baltimore City Covering an Investigation of the Rates and Charges, Property and Affairs, Case No. 690* (Mar. 8, 1916, pp. 104) contains a discussion of valuation and principles governing the decision.

Bearing upon the same subject of valuation is *Brief on Behalf of the City of Cincinnati*, submitted before the Public Utilities Commission of Ohio with regard to the appraisal of "The Property of the Cincinnati Gas & Electric Company and the Property of the Union Gas & Electric Company Used in Electrical Service," prepared by the office of the city solicitor of Cincinnati (pp. 82).

The Bureau of Railway Economics, in Bulletin 88, makes a *Summary of Railway Returns for the Fiscal Year Ending June 30, 1915* (Washington, pp. 23).

The Department of Public Utilities of Cleveland has recently issued *The Cleveland Municipal Lighting Plant* (pp. 96).

The National Shawmut Bank has prepared a pamphlet on *The Boston and Maine Railroad* in which there is a considerable amount of historical material (Boston, 1916, pp. 20).

Among the public utility reports recently received are:

Report of the Public Service Commission of Maryland, 1915 (Baltimore, pp. 569).

Reports of the Board of Public Utility Commissioners of the State of New Jersey, vol. III, May, 1914—July, 1915 (pp. 570).

Sixth Annual Report of the Quebec Public Utilities Commission, 1915 (pp. 30).

Railroad pamphlets to be noted are:

Twenty-ninth Annual Report of the Interstate Commerce Commission, part I, December 1, 1915 (pp. 188).

Proceedings of the Semi-Annual Meeting of the Railway Development Association, held in New York, Nov., 1915 (H. O. Hartzell, secretary, Baltimore & Ohio R. R., Baltimore, pp. 86).

What the Press is Saying about the Demand of the Railway Engine-men and Trainmen for \$100,000,000 Increase in Wages, published by the Association of Western Railways (Chicago, pp. 48).

Address to the Chamber of Commerce of the United States of America, by Howard Elliott, February 8, 1916.

A Study and Review of the Problem of Passenger Transportation in Philadelphia by a Unified System of Lines, by William S. Twining (Philadelphia, Dept. of City Transit, Mar. 29, 1916, pp. 97).

Labor

COLLECTIVE BARGAINING IN THE ANTHRACITE COAL INDUSTRY. The recent negotiation of a new four-year agreement between the operators of the anthracite coal mines and their employees gives a timely interest to Bulletin No. 191 issued by the United States Bureau of Labor Statistics in March, 1916. The title is *Collective Bargaining in the Anthracite Coal Industry* (pp. 171) and the author is Mr. Edgar Sydenstricker, who carried out his investigation in this field originally for the Commission on Industrial Relations.

The study is divided into four main parts: an historical account of the development of collective bargaining in the anthracite industry; an analysis of the methods of making agreements between the operators and their employees; a discussion of the actual settlement of disputes under the agreements; and an estimate of the success of the plan.

Prior to 1899, except for spasmodic attempts at organization, the mine workers of Pennsylvania made no progress toward collective bargaining. The Bates Union in 1848 and the Workingmen's Benevolent Association in the late sixties maintained themselves for only a few years. From 1875 to 1900 the hold of the operators on the industry was absolute and collective bargaining was non-existent. The English, Welsh, and German miners were rapidly supplanted by immigrants from southern and southeastern Europe; the average days worked per annum decreased to 150; the actual weight of the ton brought from the mine was from 2700 to 4000 pounds though it was sold in tons of 2240 pounds; the average weekly wage of the miner was \$9; purchases had to be made from company stores at exorbitant prices; and various other devices were used by the operators to reduce further the already scanty earnings. The advent of the United Mine Workers in 1899 brought the first promise of improvement in these unsatisfactory conditions.

As the result of the strike in 1900 an advance of 10 per cent in wages and a few other concessions were obtained. A demand for further improvement in working conditions led to the great strike of 1902 which was brought to an end by an agreement to submit the controversy to arbitration. For this purpose the Anthracite Coal Strike Commission was appointed by the President of the United States, and its award in 1903 has furnished the basis for collective bargaining in the anthracite field. The original award continued in force until March 31, 1906, and in 1909 and 1912 new agreements were negotiated, the last running for four years. While the 1903 award has been the basis for subsequent agreements there has been a constant tendency toward improving the method and broadening the scope of collective bargaining.

The possibility of collective bargaining in the anthracite industry is increased by three causes: (1) practically the whole industry is owned by a few large operators; (2) the major portion of the workmen are now united through the mine workers union; (3) the industry is virtually a monopoly, having to meet very little competition from bituminous coal. The principal issues which have come up for set-

tlement have related to wages, hours of work, recognition of the union, improvement in the methods for settling disputes, and the length of time during which the agreements were to remain in force.

The methods provided to facilitate collective bargaining by the award of the commission of 1903, and as subsequently elaborated, call for conciliation with a possible resort if necessary to arbitration. The machinery for conciliation, which is the chief reliance in maintaining harmony between the operators and workmen, may be considered under two main heads: (1) the machinery for negotiating agreements; (2) that for adjusting disputes which arise during the life of the agreements. As to the first, the agreements are drawn up by a conference committee which has usually been composed of about eighteen employers and about twice that number of representatives of the mine workers. This joint conference committee has thus far always been able to arrange a basis for agreement, though "peaceful" suspension of work occurred at the expiration of the agreement in 1906 and 1912. If the committee should fail to reach an agreement arbitration might be resorted to but this is only a last hope, for arbitration has not been favorably regarded by either side.

After the agreement has gone into effect conciliation is provided for by the creation of a permanent board of conciliation composed of six persons, one representative of the employers and one of the miners for each of the three anthracite districts. In addition there are grievance committees composed of three representatives of the mine workers in each locality. Effort is first made to settle disputes where they arise through the local grievance committee and the representatives of the employers; if this fails, by successive steps the grievance goes to the two members of the conciliation board from the district in which the issue has been raised, then to the full conciliation board, and finally, in case of failure to reach an adjustment, is submitted for decision to an umpire appointed by a federal judge in the anthracite region.

Collective bargaining in the anthracite industry has been successful in maintaining almost continuous industrial peace since 1902, but this, as the author points out, is not the sole criterion of the success of the system. The welfare of the workers, the profitableness of the industry and the degree of satisfaction felt by both parties must be considered also. In all of these respects Mr. Sydenstricker regards the system of collective bargaining in the anthracite industry as a demonstrated success.

N. R. WHITNEY.

Johns Hopkins University.

The United States Department of Labor has issued the following bulletins:

No. 175, *Summary of the Report on Condition of Woman and Child Wage Earners in the United States* (Dec., 1915, pp. 445).

No. 183, *Regularity of Employment in the Women's Ready-to-Wear Garment Industries* (Oct., 1915, pp. 155). This investigation is based upon a study of the industry in New York, Chicago, Cleveland, and Boston, embracing about three fourths of the industry of the country. The irregularity of employment is very marked and as yet regularization has received but slight attention.

No. 186, *Labor Legislation of 1915* (Dec., 1915, pp. 494).

The Children's Bureau of the United States Department of Labor has prepared a compilation containing the texts of the child labor laws in force October 1, 1915, under the title, *Child Labor Legislation in the United States*, by Helen L. Sumner and Ella A. Merritt (Washington, 1915, pp. 475, etc.). The first part has elaborate analyses and summaries.

No. 4 of volume II of the Bulletin of the Industrial Commission of Ohio is devoted to *Rates of Wages, Hours of Labor, and Fluctuation of Employment in Ohio in 1914* (Columbus, Sept. 15, 1915, pp. 317); No. 5 deals with *Inspection of Workshops, Factories, and Public Buildings in Ohio* (Sept. 29, 1915, pp. 236); No. 6 relates to *Physical Examination of Wage-Earners in Ohio in 1914* (pp. 29). Physical examinations of applicants had been conducted by only a few establishments other than railroads and street railroads in Ohio prior to 1914. For the statistical data in this report a form was sent to nearly 300 employers in the state not including railroads doing an interstate business. There are at least 42 establishments employing about 68,500 persons which require physical examination of applicants for work. No. 7 gives *Statistics of Mines and Quarries in Ohio, 1914* (pp. 104); No. 8 deals with *Union Scale of Wages and Hours of Labor in Ohio on May 15, 1915* (Dec., 1915, pp. 107).

Bearing upon the subject of *Physical Examination of Employees* is a pamphlet by John B. Andrews, secretary of the American Association for Labor Legislation, being a reprint of a paper read before the Industrial Hygiene Section of the American Health Association, September 10, 1915 (pp. 9).

The *Fourth Report of the Factory Investigating Commission of New York, 1915*, comprises five volumes. Volume I contains an appendix on bills recommended by the commission and has a "sympos-

ium" on the minimum wage problem covering 300 pages. Volume II deals with general wage investigations. Volume III has a statistical appendix; volume IV, a report on vocational training, cost of living in New York state, and minimum wage legislation in Australasia. Volume V is a reprint of testimony.

The Industrial Welfare Commission of California has published a *Report on Wage Board in the Fruit and Vegetable Canning Industry* (948 Market St., San Francisco, pp. 16).

The Minimum Wage Commission of Massachusetts has issued *Wages of Women in the Paper-Box Factories in Massachusetts* (Boston, Bull. No. 8, Sept., 1915, pp. 38); *Wages of Women in Hosiery and Knit Goods Factories in Massachusetts* (Bull. No. 10, Jan., 1916, pp. 37); and *Report of the Minimum Wage Commission, 1915* (Bull. No. 11, Jan., 1916, pp. 35).

The federal Bureau of Mines makes a report on *Metal-Mine Accidents in the United States during 1914*, compiled by Albert H. Fay (Washington, 1916, pp. 96). During 1914 there was a slight decrease in fatality.

The *Second Annual Report of the Industrial Accident Board of Massachusetts* for the year 1913-1914 contains an organization chart showing functions of the board (Boston, pp. 483).

The federal Bureau of Labor Statistics has published a list of *Books and Periodicals on Accident and Disease Prevention in Industry in the Library of the Bureau of Labor Statistics* (pp. 23).

The National Civic Federation has recently issued a report on *Profit Sharing by American Employers* (New York, Metropolitan Tower, 1916, pp. 261, \$2). This contains a description of about 200 plans which have been subjected to trial and includes examples from England and France. There is also a discussion on profit sharing by employers, representatives of organized labor, and special students.

Other labor reports recently received are:

Twenty-second Annual Report of the Chief State Factory Inspector of Illinois, 1915 (pp. 235). Beginning with page 132, this has considerable matter on occupational diseases.

Eighteenth Annual Report of the Bureau of Labor and Industrial Statistics of the State of Virginia, 1915 (Richmond, pp. 190).

Fourth Annual Report of the Bureau of Labor of Porto Rico (San Juan, Feb. 25, 1916, pp. 41).

Money, Prices, Credit, and Banking

THE EQUATION OF EXCHANGE FOR 1915. The equation of exchange as calculated by the usual methods is¹:

$$\begin{array}{rcl}
 \text{Circ. of money (39)} & + & \text{Circ. of checks (503)} = \text{Value of goods bought (543)} \\
 \hline
 \text{Money} \times \text{its velocity} & + & \text{Deposits} \times \text{their veloc.} = \text{Trade} \times \text{scale of prices} \\
 M \times V & + & M' \times V' = T \times P \\
 1.79 \times 22 & + & 9.39 \times 53.6 = 512 \times 106 \text{ per cent.}
 \end{array}$$

That is, the money in circulation (outside of banks and the United States Treasury) was 1.79 billions of dollars and changed hands about 22 times a year, thus effecting 39 billions of exchanges; the volume of deposits subject to check was 9.39 billions and changed hands about 53.6 times a year, affecting 503 billions of exchanges and making, with the monetary circulation (39), a total of 543 billions. This was the expenditure to pay for a volume of trade of 512 billion units (a "unit" being that amount of goods which in the base year (1909) was worth \$1), maintained at prices of 106 per cent, i.e., prices averaging 6 per cent higher than the prices of the base year.

The large diagram² affords full comparison (both visual and numerical) between these figures for 1915 and those for previous years. Thus, comparing 1915 with 1914, we note a decrease in money in circulation of 8 per cent, an increase of 29 per cent (conjectural rather than estimated) in the velocity of circulation of this money, an

¹ In the data for calculating $M'V'$, the federal reserve clearings were included.

² The symbolism of the diagrams is explained in the sentences preceding them. The dotted lines connecting the centers of the black areas virtually constitute plotted curves showing the increase or decrease in the scale of prices and in the velocities of circulation of money and of credit. For details the reader is referred to previous articles in the *American Economic Review*, especially June 1912, pp. 311-319 and June 1915, p. 408. For the present year the calculations of the volume of trade "T" as made independently of the other magnitudes (giving 501 billions by one method and 540 by another), were regarded as of so little value that no use was made of them. The figure 512 for "T" was derived indirectly from the remaining magnitudes of the equation of exchange by solving the equation itself, i.e., by using the formula $T = (MV + M'V') \div P$. Since we know with fair accuracy MV , $M'V'$ and P the resulting value of T is fairly accurate. This indirect determination of T has always had more weight than the independent estimates, even in previous years. The independent estimates have, in fact, been of very little value since the regrettable discontinuance, in 1912, of the statistics of internal commerce in the United States, formerly published by the Bureau of Statistics (now the Bureau of Foreign and Domestic Commerce of the Department of Commerce).

increase in deposits of 6 per cent, an increase in the velocity of deposits of 14 per cent, a very large increase in the volume of trade amounting to about 19 per cent, and a rise in the price level of 2 per cent. These changes brought about in 1915 have been the reverse of those occurring the previous year. That is, the figures for 1915 show the completion of the reaction from the shock of war. The whole cycle of changes between 1913 and 1915 can be seen by mentally substituting the small diagram (for six periods of 1914) in place of the 1914 portion of the large diagram.

The changes found agree with those forecasted a year ago. The present outlook seems to be a general expansion in all six of the magnitudes in the equation of exchange.

A large part of the increase of 19 per cent in the volume of trade was undoubtedly due to the resumption and great expansion of the trade in securities. The trade in securities in 1915 was in fact some 250 per cent greater than in 1914 while ordinary commerce was only about $3\frac{1}{2}$ per cent larger in 1915 than 1914.

It is interesting to note that we can take advantage of the great and unusual contrast between these two figures (250 per cent and $3\frac{1}{2}$ per cent) to calculate, indirectly, the volume of trade in securities. This calculation will form the subject of another article which I hope to publish in the June number of the *Quarterly Publications of the American Statistical Association*.

IRVING FISHER.

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COST OF LIVING REPORTS. The daily wage of \$2.50 which has been paid by New York City to its unskilled laborers for several years seems to have been based neither upon the competitive rates nor upon any other scientific foundation. "Upon the theory that the City of New York wishes to pay its employees salaries or wages which bear a proper relation to the salaries or wages prevailing among representative private employers, and at the same time wishes itself to be a model employer, the Bureau of Standards decided that it was essential to make some study of the cost of living for unskilled laborers in New York City." So, in connection with the budget for the street cleaning service, an investigation was made, with the assistance of the Bureau of Municipal Research (*Report of the Cost of Living for an Unskilled Laborer's Family in New York City*, submitted by the Bureau of Standards to the Committee on Salaries and Grades of the Board of Estimate and Appointment, 1915, pp. 57). A careful survey of the

The black areas indicate weights, or counter poises, the equilibrium of which corresponds to the "equation of exchange."

These black areas from left to right represent:

M', i.e., bank deposits subject to check in billions of dollars.

M, i.e., money in circulation in the United States (outside of the United States Treasury and the banks), in billions of dollars.

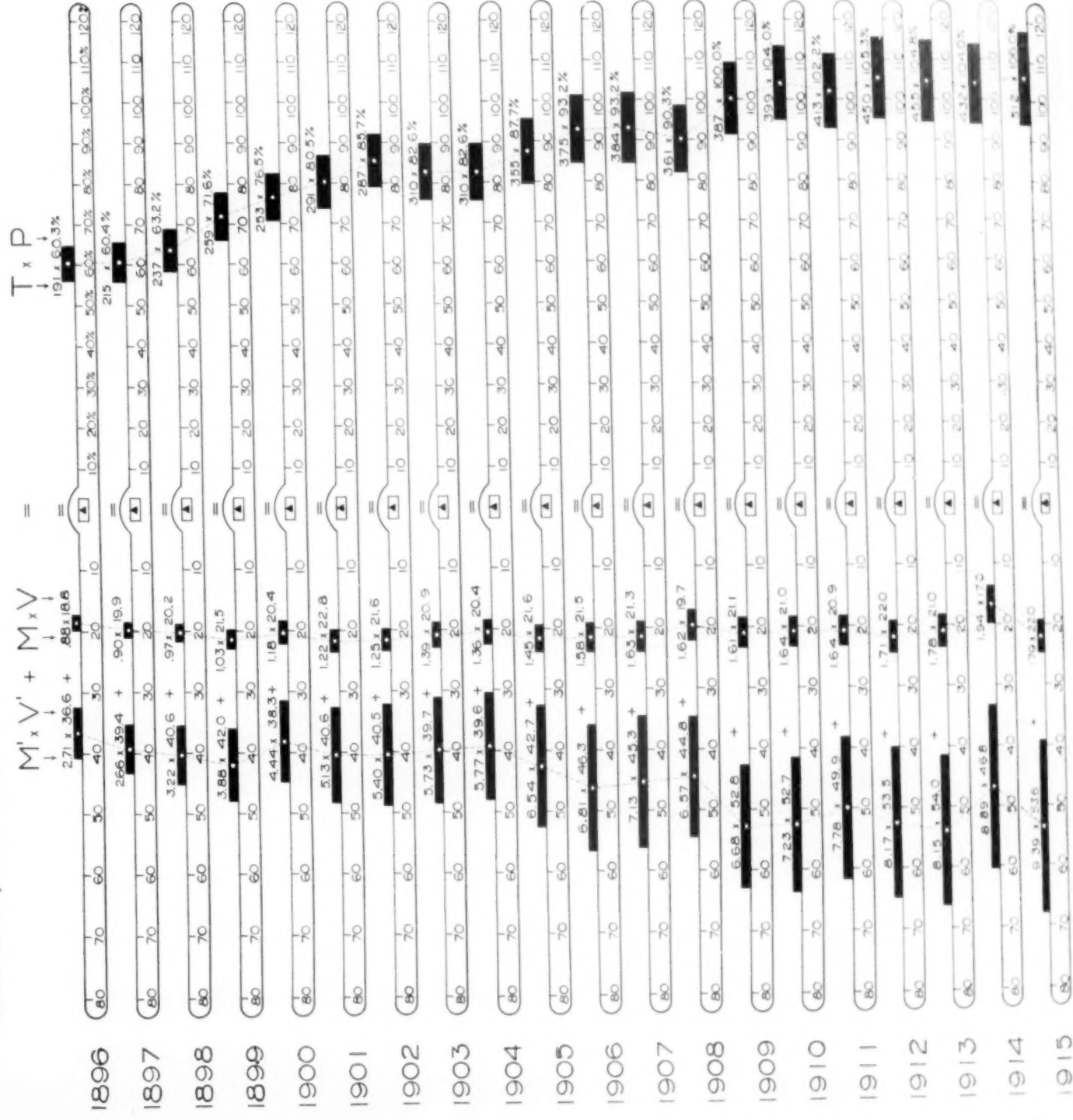
T, i.e., the volume of trade circulated in billions of "units" (each "unit" being that quantity which could be purchased for one dollar in 1909).

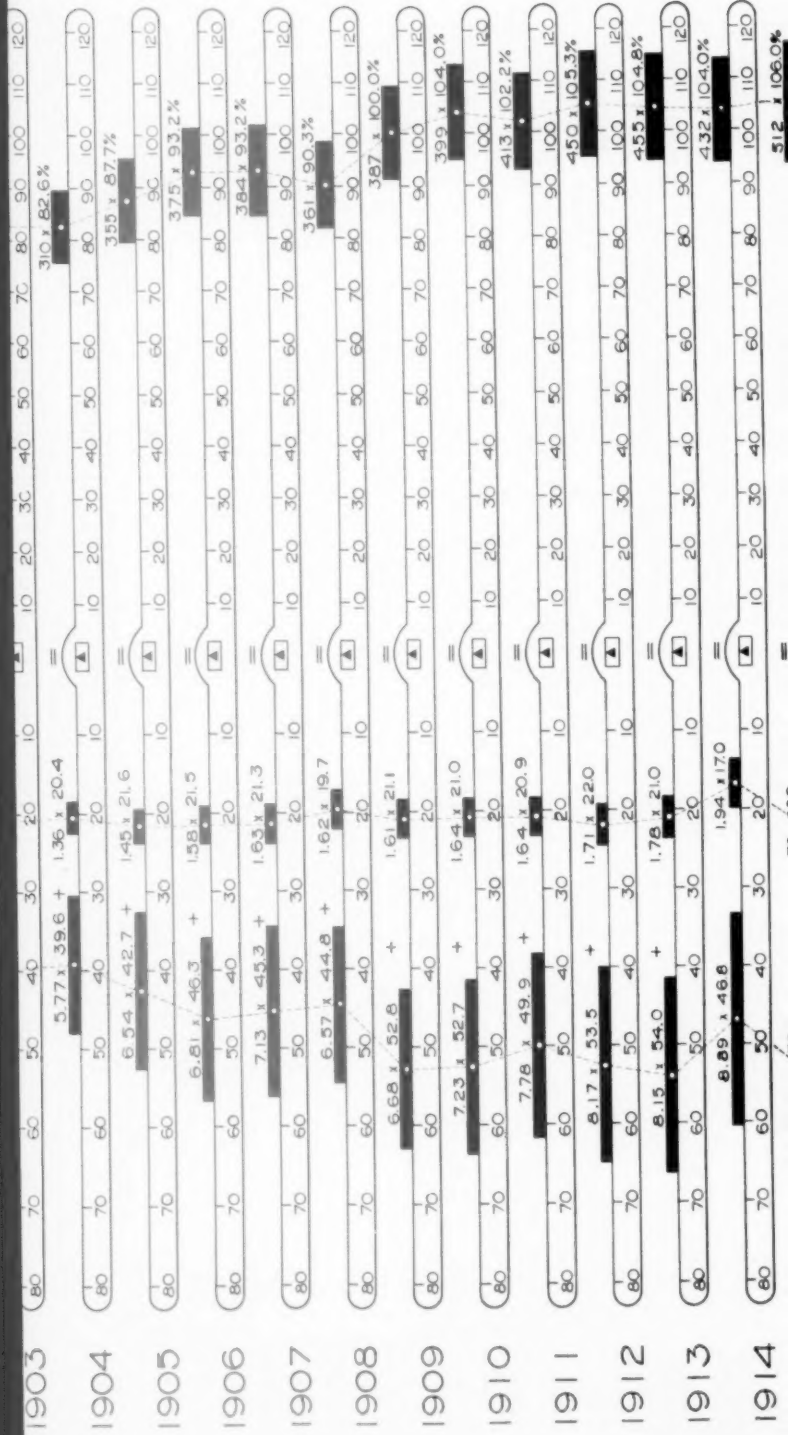
The *lever arms* of the above three weights represent:

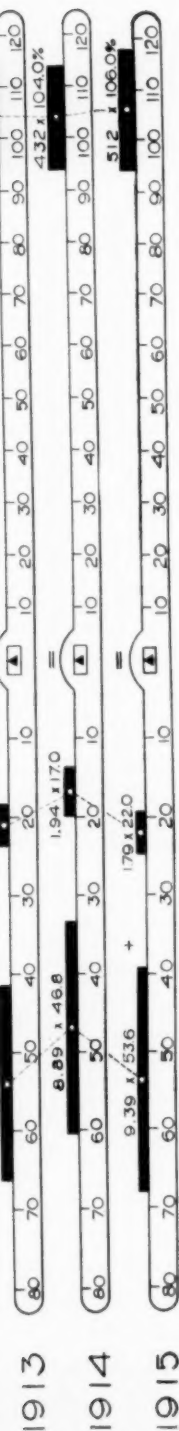
V', i.e., the velocity of circulation ("activity") of the deposits, M'.

V, i.e., the velocity of circulation of the money, M.

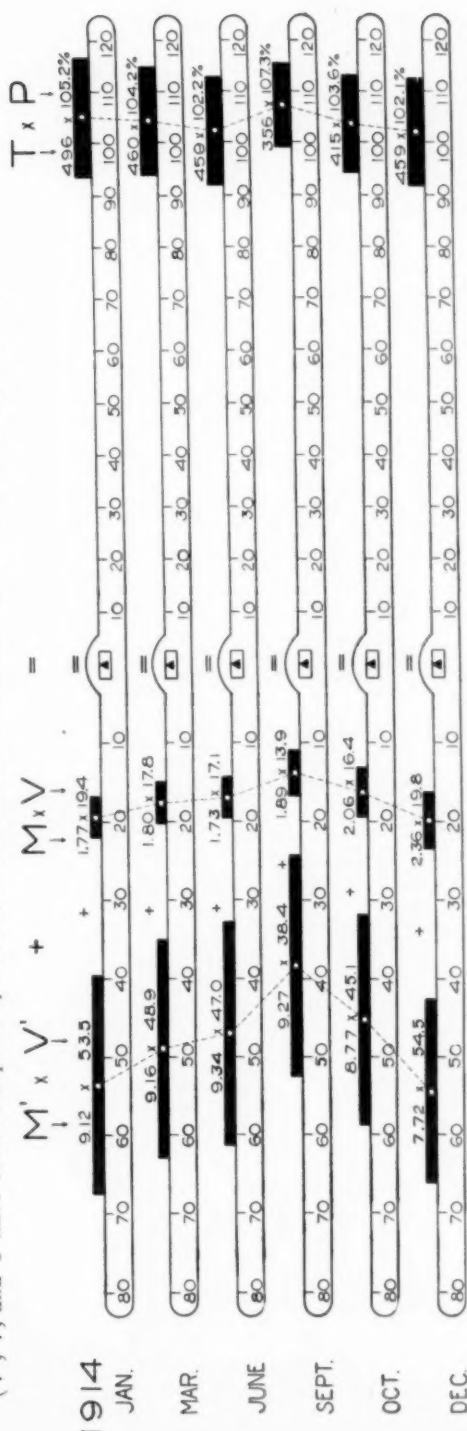
P, i.e., the index number, or scale of prices, at which the trade, T, is conducted. (This scale of prices is measured as a percentage of the scale of prices of 1909.)







EQUATION OF EXCHANGE FOR SIX PERIODS IN 1914
(V' , V , and T have been multiplied by twelve, to convert them from rates per month to rates per year.)





cost-of-living literature was made, and the work of Chapin, More, Bruère, Nearing, Ryan, and the New York State Factory Investigating Commission was carefully digested and criticised. Opinions were obtained from persons engaged in various lines of social work, and data on special subjects were collected from such excellent sources as Charles Molesphini, real estate editor of the *Evening Post*, and Oscar H. Fogg, utilization engineer for the Consolidated Gas Company. From members of the Street Cleaning Department, twenty family budgets were procured, and original studies were made of the prices in retail stores. All these data are presented in a series of appendices.

The main body of the report occupies but six pages, commencing with the conclusion. The one-year budget estimated for a family consisting of a father, mother, boy of thirteen, girl of ten, and boy of six is as follows:

Housing	\$168.00
Carfare	30.30
Food	380.00
Clothing	104.00
Fuel and Light	42.00
Health	20.00
Insurance	22.88
Sundries	73.00
Total	\$840.18

It is interesting to note that the estimate comes out within 18 cents of \$70 per month. Of course it is possible to discuss without end any estimate of the cost of living. As it is probably impossible to agree on a typical family, it seems that one choice is as good as another, and certainly no fault can be found with the one selected by the Bureau of Standards. There are, however, two items which may be criticised. The allowance for clothing seems very meager. In the first place, the sums allowed seem too small to purchase good garments, much less good-looking ones. Second, the allowance for clothing is less than one half of the average of \$210.06 actually spent by the families of twenty street cleaners, households with a mean total income of \$841.01. The second weakness seems to lie in the estimate for insurance. It is based upon the assumption that all the policies should be in the industrial companies. Doubtless that is the way most workmen insure their families, but an additional allowance of \$10 or \$12 a year would permit the man to carry a thousand dollar regular straight life policy, in place of the five hundred dollar industrial policy.

Considered as a whole, the estimate of the bureau seems very fair and carefully balanced. The most interesting feature of the report,

however, is not its content and method, but its use. The Bureau of Standards recommended no maximum rates in the Street Cleaning Department below \$840, and included in its scheme, a beginning wage of \$720, with annual increases of \$24, on the theory that employees will enter the city service early, and that as they grow older, their responsibilities will increase, and their needs will approach the maximum. The maximum rate of \$840 was officially adopted by the Street Cleaning Department for sweepers, and higher scales were worked out for more responsible positions. The 1917 budget is expected to extend the application of the recommendations to other unskilled laborers, and by 1919 the full schedule will probably be in operation.

In summary it may be suggested that, although the report is based on very little original investigation and is largely an adaptation of previous studies, it has been well done, because it had a definite aim, and it actually has been used to standardize salaries.

The recent incorporation in the Ohio constitution of the clause permitting minimum wage legislation and the wide popular interest in the problem of the cost of living impelled the Industrial Commission to undertake an investigation of *The Cost of Living of Working Women in Ohio* (Report No. 14 of the Department of Investigation and Statistics, Industrial Commission of Ohio, Columbus, 1915, pp. 255). As it seems unlikely that the immediate future will witness living wage laws for men, the study was directed to self-supporting women of at least eighteen years of age who resided away from home. Moreover, only girls of races having the "American standard of living" to maintain on incomes that did not exceed \$624 per annum were considered. Although the conduct of the investigation and the preparation of the report were in the hands of Chief Statistician Fred C. Croxton and his regular staff, the facts were gathered mainly by volunteer workers under rather close supervision. Naturally the result was a disappointingly small number of completed returns—164 carefully estimated annual budgets, and 208 accurate account books kept for four weeks or more, the average being six weeks.

The somewhat meager data are carefully presented for each item of expenditure with a few correlation tables and many individual illustrations full of human interest. There are perhaps three directions in which knowledge of working women's problems has been advanced by this study. In the first place, the relation of gifts to income has been very well worked out (p. 35 and p. 98). Second, the

discussion of light housekeeping as a means of economizing is decidedly good. It was shown that the average weekly expenditure of 117 individuals who were boarders and lodgers was \$4.04 per week for food and shelter as contrasted with \$3.60 for 37 light housekeepers. But the incidental expenses of the light housekeepers were on the average 36 cents more per week, bringing their total cost up to about \$3.96 attributable to board and lodging. Perhaps this method of comparison is not absolutely accurate, for the light housekeepers have additional strains from their work, and additional pleasures from their manner of living (p. 42, *et passim*). A third point that is well driven home is the assertion that the expenditure for clothing depends more on income than on occupation (p. 53). The factory employees with average incomes of \$417.69 spent an average of \$98.81 for clothing, and the saleswomen with mean incomes of \$400.63 spent \$92.91.

As a description of life among the working women, this study is interesting, but its title is misleading. Showing how women with a mean income of \$430.17 distribute their average expenditures of \$413.06 between food and shelter, clothing, laundry, and other items is not showing what it costs to live on a subsistence basis, on an efficiency standard or on any other plane. The reader is told, for example, that the average expenditure for recreation and amusements, \$17.58, is not sufficient to afford very much recreation (p. 87) and that the mean outlay for education, \$4.62, secures very little (p. 91), but he is not told what would be a reasonable sum. In truth it would be difficult for a person desiring to determine a living wage, even by searching the large appendix, to arrive at very satisfactory conclusions from this report.

Although the *Report on the Cost of Living, 1891-1914* (Wellington, N. Z., 1915, pp. 168, 1s.) contributes no new ideas to the theory of the cost of living, it is valuable for its promise of carefully constructed, regular index numbers of retail prices of rent, fuels, and foods in New Zealand.

It is gratifying to find a government statistician who knows how to use the Pearsonian coefficient of correlation as does Mr. Frazer in discussing the relation of retail prices of dairy products to the exports of butter and cheese. He finds a negative correlation of $-.416 \pm$ with a probable error of .028, and concludes that increased production causes a fall in home prices which makes possible advantageous exporting. In contrast with this relation between the exports of butter and cheese and their prices in New Zealand, is the relation of these same

prices to the shipments to Australia. In this case there is a positive correlation of $.329 \pm$ with a probable error of .030, and the conclusion is drawn that *need* in Australia occasions imports of butter and cheese from New Zealand, and therefore causes a rise in prices of dairy products there. This reasoning is fortified by descriptions of the conditions in the two countries, and of the intercourse of New Zealand with the world as a whole. Thus strengthened, it is convincing.

Excellent reasoning, well backed by illustration and statistics is characteristic of the entire report which attempts to go somewhat beyond the usual scope of a price study. For example, the food prices are divided into three food groups, the first of which, "groceries," is still further subdivided. The prices of five "home products," bread, flour, oatmeal, potatoes, and onions, fluctuated in cycles of about four years with a total rise in twenty-four years of 24 per cent. Prices of sugar likewise fluctuated, but tended to decrease. Its price fell greatly after it was put upon the free list in 1907, and then began a gradual climb. "General groceries" were much more stable in price, falling in small cycles from 1,101 in 1891 to 986 in 1909 and rising to 1063 in 1914. Comparative graphs show that each lowering of the tariff was followed by an immediate decline in the index number for general groceries, and later by a rise. The second food group, "dairy products," rose in price almost steadily during the twenty-four years from 806 to 1054, and the third group, "meats," increased even more (from 864 to 1158). Combining all these groups an index number is calculated which shows a general upward trend from 918 in 1891 to 1098 in 1914, although until 1897 the movement was down to 904, and there have been numerous fluctuations.

A somewhat daring departure is made in the calculation of an index number for house rent. This is done by observing the rents of different types of dwellings having from three to nine rooms, and weighting the results according to the number of houses of each type at the census. This index rose each year from 698 in 1891 to 996 in 1906, fell to 984 in 1907 and then shot up in 1912, 1913, and 1914 to 1048. Fuel and light gave more trouble because of the wide diversity of practice and the enlarging use of electricity, but beginning with 1907 good data were obtainable. Combining the cost of food and housing there is shown an increase of 29.4 per cent in the twenty-four years.

Special chapters deal ably with the changes in the purchasing power of money, with the comparison of prices in the leading twenty-five towns and cities, and with the effect of the war on prices. Each is well worked out, as far as the limitations of the data permit. Espe-

cially interesting are the studies of seasonal price fluctuations in chapter 4. The war affected prices in Europe by precipitating a sharp rise, followed within a fortnight by a decline, and then a further rise. In New Zealand the outbreak of the hostilities was followed by a decline in the prices of dairy products until October, when they began to demand higher prices. General groceries maintained an almost constant level for the year. All other classes of food-stuffs rose promptly until February, and then wavered about the same level until the end of the first year of the war.

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The federal Bureau of Labor Statistics, in Bulletin 184, continues its series on *Retail Prices, 1907 to June, 1915* (Washington, Nov., 1915, pp. 413).

The *Annual Report of the Superintendent of Banks of the State of New York* for 1915 (Albany, pp. 441) notes the experience under the new banking law of 1914 which brought private bankers under supervision and also provided for the organization by savings and loan associations of the Land Bank of the State of New York and of Credit Unions. The first series of bonds issued by the Land Bank was purchased by the Guaranty Trust Company and the proceeds of this sale have been invested largely in farm mortgages in six different counties. Seventeen credit unions were incorporated, a number of large corporations actively coöperating for this purpose in order to encourage thrift among their employees.

The *Sixth Annual Report of the Bank Commissioner of Maryland* for 1915 (Garrett Bldg., Baltimore, pp. 202) states that no trust company in Maryland intends to seek admittance to the federal reserve system. On the other hand, two national banks during the year reorganized under state charters.

The *Proceedings of the Arizona Bankers Association*, twelfth annual session, held November 12-13, 1915 (Morris Goldwater, secretary, Commercial Trust and Savings Bank, Prescott, Ariz., vol. IX, pp. 155) contains an address on federal reserve banks by Russell Lowry, deputy governor of the Federal Reserve Bank in San Francisco. There is also an informing paper on the agricultural development of Arizona, containing the results of a questionnaire sent to farmers throughout the state in regard to their financial condition and need of credit.

For the purpose of securing more definite data in regard to land settlement in California and the influences affecting rural development, the State Rural Credits and Land Colonization Commission, the University of California, and the Commonwealth Club are coöperating in making a study on *Land Settlement and Rural Credits in California* (Coöperative Land Settlement Investigations, University of California, Berkeley, pp. 4). This inquiry will continue through the current year.

The Guaranty Trust Company of New York has published a new *Digest of the Federal Reserve Act*.

The National City Bank of New York has issued a pamphlet on *Latin American Monetary Systems and Exchange Conditions*, compiled by Joseph T. Cosby (pp. 31).

The Bank Director and the Clayton Law (pp. 24) has been received from the Mechanics and Metals National Bank, New York.

The Federal Reserve Bank of St. Louis has printed a booklet on *Rediscounting with the Federal Reserve Bank of St. Louis* (Feb., 1916, pp. 58).

From the Statistical Branch of the Department of Labour of Canada has been received a report on *The Rise in Prices and the Cost of Living in Canada, 1900-1914*. Part I deals with a statistical examination of economic causes and the second volume contains the report of the board (Ottawa, 1915, pp. xvii, 1108).

Public Finance

The Chamber of Commerce of the United States has published in a reprint *Report of Committee on Permanent Tariff Commission*, presented at the fourth annual meeting held in Washington, Feb. 8-10, 1916 (pp. 10).

The Bureau of the Census presents in convenient form *Comparative Financial Statistics of Cities under Council and Commission Government, 1913 and 1915* (Washington, 1916, pp. 15). These tables give per capita statistics for three groups of eight cities each. The first comprises cities which had the council form of government during 1913 and 1915; the second, cities which had the commission form during those years; and the third, cities which had the council form in 1913 and the commission form in 1915.

In 1915 a special commission was authorized by the legislature of Massachusetts to report upon the advisability of changes in the tax

laws of that state. *The Report of the Special Commission on Taxation* appeared in January, 1916 (Boston, House No. 1700, pp. 126). The commission recommended an income tax of 6 per cent on what is known as intangible property and a tax of $1\frac{1}{2}$ per cent on incomes derived from annuities, professions, employments, trades, and business.

In March, 1915, the Legislature of New Jersey authorized the appointment of a commission for the *Survey of Municipal Financing*, which has now made its report (E. Morgan Barradale, secretary, Essex, N. J.). Its findings are similar to those adopted by the Commission on Municipal Government which reported in 1906. The commission reviewed the operation of the statutes now in force, the practices employed, and the general conditions present in financing municipal and county affairs. It is advised that an amendment of the general law be enacted that shall specifically direct the creation and the retirement of public obligations for all classes of municipalities and counties.

The Indiana Bureau of Legislative Information is circulating a pamphlet entitled *The Budget*, prepared by William T. Donaldson, assistant budget commissioner of Ohio (Indianapolis, Jan., 1916, pp. 30). This shows what is the object of a proper budget and the value of comparisons.

The Rhode Island Tax Officials' Association has begun the publication of a bulletin. No. 1, issued January, 1916, gives an account of the fourth annual meeting and a verbatim report of a paper on "Valuation and assessment of city real estate," by Lawson Purdy.

The Committee on City Finances of the Cleveland Chamber of Commerce, in a pamphlet on *How Uncle Mose' Spends His Money*, describes by text and charts the expenditures of the city of Cleveland, making the matter as simple as possible for the reader.

The following tax documents are to be noted:

Supplementary Report of the Tax Commissioner, Attorney-General, and the Chairman of the Homestead Commission of Massachusetts Relating to Uniform Methods of Procedure for Taking Land for Public Purposes (Boston, 1916, House No. 1750, pp. 78).

The Final Report of the Committee on Taxation of the City of New York (New York, 1916, pp. 398).

Financial Summary for the City of New York for the year ended December 31, 1915 (William A. Prendergast, comptroller, pp. 137).

The Inheritance Tax Act of 1916 of Rhode Island (Providence, 1916, pp. 24).

Revenue Laws of the State of Iowa, 1915 (Des Moines, pp. 168).

The First Biennial Report of the State Tax Commission of Maryland (Baltimore, Jan. 15, 1916, pp. 265).

Amended Taxation and Revenue Laws and Duties of County Assessors of Wyoming, 1915 (pp. 41).

Inheritance Tax Laws of California, issued by the state controller (Sacramento, 1915, pp. 62).

Demography

The New York Congestion Committee has published a pamphlet on *Distribution of Population; What is Being Done About It* (320 Broadway, New York, pp. 28).

The Annual Report of the Commissioner General of Immigration, 1915 (Washington, pp. 272) contains charts on the "wave of immigration" from all countries during the past 96 years and a colored chart showing immigration into the United States from the different countries during the past century.

Insurance and Pensions

Public Health Bulletin No. 76 published by the United States Public Health Service is devoted to the subject of *Health Insurance, Its Relation to the Public Health*, by B. S. Warren and Edgar Sydenstricker (Washington, 1916, pp. 176).

The Commission on Pensions in the City of New York has issued *Report on the Pension Funds of the City of New York, part I, Operation of the Nine Existing Pension Funds* (pp. 171, 1916); and *Report on the Teachers' Retirement Fund of the City of New York* (1915, pp. 177).

From the office of the National Civic Federation is received a pamphlet on *The Problem of Pensions, Federal, State, Municipal, and Industrial*, a report presented at a meeting of the federation in January, 1916 (New York, 1 Madison Ave., pp. 15). Tables show the pensions of over fifty different corporations.

The Massachusetts Committee on Unemployment has prepared a second bulletin on *Unemployment Insurance for Massachusetts* containing draft of an act with an introduction and notes (Boston, 75 State St., pp. 27).

PERIODICALS

The REVIEW is indebted to Robert F. Foerster for abstracts of articles in Italian periodicals, and to R. S. Saby for abstracts of articles in Danish and Swedish periodicals.

Theory

(Abstracts by W. M. Adriance and A. N. Young)

ANDERSON, B. M., JR. *Schumpeter's dynamic economics*. Pol. Sci. Quart., Dec., 1915. Pp. 16.

Critical comment on Schumpeter's *Theorie der wirtschaftlichen Entwicklung* (1912).

G. M. and BODIO, L. *Luigi Perozzo*. Giorn. d. Econ., Mar., 1916. Pp. 11.

Obituary notice. List of Perozzo's publications.

CLARK, J. M. *The changing basis of economic responsibility*. Journ. Pol. Econ., Mar., 1916. Pp. 21.

A suggestive essay on the growing importance of the social point of view in the world of business.

COLSON, C. *La valeur scientifique et pratique de l'économie politique*. Rev. Sci. Pol., Feb., 1916. Pp. 23.

Emphasizes the importance to the administrator and the statesman of broad theoretical conceptions. These conceptions are to be taken from the old-fashioned liberalism only slightly modified by more modern (innovating) theories.

DAVENPORT, H. J. *Divergent views of interest*. Annalist, Feb. 28, 1916. Pp. 2.

Financial happenings of the last eighteen months show the incorrectness of the demand and supply of productive equipment theory of interest, and confirm the writer's loan fund theory.

DAVENPORT, H. J. *Fetter's "Economic Principles"*. Journ. Pol. Econ., Apr., 1916. Pp. 50.

A review of Professor Fetter's new book. Davenport regards Fetter's value theory as essentially Austrian. He rejects his fundamental interest theory and in particular the idea that technical processes are the result rather than the cause of time-preference. With Fetter's concept of capital Davenport is in hearty accord.

DAVIDSON, J. *Sociologi og socialökonomi*. Nat. ök. Tids., Jan.-Feb., 1916. Pp. 24.

Emphasizes the position of economics as a social science and the need of a closer coöperation between sociology and economics.

EDGEWORTH, F. Y. *Le relazioni della economia politica con la guerra*. Rif. Soc., Nov.-Dec., 1915. Pp. 28.

GINI, C. *Il concetto di "transvariazione" e le sue prime applicazioni*. Giorn. d. Econ., Jan., 1916. Pp. 31.

GINI, C. *Sul concetto di utilità economica*. Giorn. d. Econ., Feb., 1916. Pp. 6.

HECKSCHER, E. F. *Jordr nteproblemet k rnpunkt*. Ek. Tids., No. 12, 1915. Pp. 13.

A theoretical study of the rent problem following Marshall in the main.

KNIGHT, F. H. *Neglected factors in the problem of normal interest*. Quart. Journ. Econ., Feb., 1916. Pp. 31.

The writer accepts "the 'specific productivity theory,' with some qualifications."

LORIA, A. *Stelloncini critici*. Rif. Soc., Jan., 1916. Pp. 13.

A collection of critical observations upon the reasoning of various scholars dealing with various social and economic subjects.

MURRAY, R. A. *La necessit  dello studio dell' economia collettiva*. Riv. Ital. di Sociol., Jan.-Feb., 1916. Pp. 6.

POREI, V. *La teoria economica della dominanzione della materia per mezzo dello spirito umano vincolato*. Rif. Soc., Jan., 1916. Pp. 23.

SCHMOLLER, G. *Geschichte der Lohntheorien*. Schmollers Jahrb., 38, 3, 1914. Pp. 28.

Mainly a review of socialistic theories.

SCHMOLLER, G. *Die Lohntheorie*. Schmollers Jahrb., 38, 4, 1914. Pp. 32.

A historical and descriptive consideration of the wages question.

DEL VECCHIO, G. *Lineamenti generali della teoria dell' interesse*. Giorn. d. Econ., Dec., 1915. Pp. 42.

The author's concluding chapter.

WIRZ, W. *Der Preis als Grundlage der Verteilungslehre*. Zeitschr. f. d. ges. Staatswis., No. 4, 1915. Pp. 25.

The writer, who inclines toward J. B. Clark's theory of distribution, discusses here mainly the views of Simiand, Dibblee, and Tugan-Baranowsky.

What is interest? A riddle political economists have tried in vain to solve. Journ. Am. Bankers Assoc., Jan., 1916. Pp. 4.

Brief citations of Gide, B hm-Bawerk, Fisher, Seager, Fetter, *The New International Encyclopedia*, and *Palgrave's Dictionary*.

Economic History, United States

(Abstracts by E. L. Bogart)

BAGLEY, C. B., editor. *Journal of occurrences at Nisqually House, 1855-1856*. Wash. Hist. Quart., Apr., 1916. Pp. 24.

With this instalment the publication of the first volume of this valuable journal, which was begun in July, 1915, is brought to an end. Fifteen more volumes exist in manuscript. It gives much information concerning the early fur trade. Nisqually House was the old Hudson Bay Company's fort.

BAKER, C. C. *Mexican land grants in California*. Ann. Pub. Hist. Soc. of S. Calif., 1914.

BARKER, E. C. *A glimpse of the Texas fur trade in 1832*. Southwestern Hist. Quart., Jan., 1916. Pp. 4.

BARNES, F. W. *The two traders of early Oswego*. Pro. N. Y. State Hist. Assoc., vol. XIII, 1915.

BATES, A. L. *The history of the telegraph in California*. Ann. Pub. Hist. Soc. of S. Calif., 1914.

BOYD, W. K. *The North Carolina fund for internal improvements*. S. Atlantic Quart., Jan., 1916. Pp. 16.

Traces the history of state aid to internal improvements, 1815-1836. The usual story of too great optimism, mistakes, failure of the enterprises, and withdrawal of state from this field.

BYERS, W. V. *The Gratz papers*. Pub. Am. Jewish Hist. Soc., vol. XXIII, 1915.

An interesting glimpse of early commercial activities in the West from about 1754 to 1776.

COLE, Mrs. C. *To California via Panama in 1852*. Ann. Pub. Hist. Soc. S. Calif., 1914.

DALE, H. C. *The organization of the Oregon emigrating companies*. Quart. of Oregon Hist. Soc., Sept., 1915.

DANIELS, G. W. *American cotton trade with Liverpool under the embargo and non-intercourse acts*. Am. Hist. Rev., Jan., 1916. Pp. 12.

An account of the cotton trade between Charleston and Liverpool, 1807-1812, based upon reports of a Charleston commission agent.

ESAREY, L. *The pioneers of Morgan county*. Indiana Hist. Soc. Pubs., vol. V, no. 5, 1915.

The memoirs of Noah J. Major, covering many subjects of economic interest.

FROST, M. P. *Experience of a pioneer*. Wash. Hist. Quart., Apr., 1916.

Account of the migration of a pioneer family from Iowa to Oregon in 1854.

FORD, W. C., editor. *Commerce of Rhode Island, 1726-1800*. Coll. Mass. Hist. Soc., vol. X, 1915.

This is the second volume on this subject.

GALLAHER, R. *The Indian agent in the United States before 1850*. Iowa Journ. Hist. & Pol., Jan., 1916. Pp. 53.

The first of a series of four articles. This is a general survey for the whole United States from colonial times to 1850.

GARRISON, L. R. *Administrative problems of the confederate post office department*. Southwestern Hist. Quart., Jan., 1916. Pp. 19.

A continuation of a study begun in the October number.

GILSTRAP, W. H. *The Natches Pass emigrant train*. Wash. Hist. Soc. Pubs., vol. II, 1915.

Notes on this and other topics.

GRIFFIN, J. A. *Washington thirty years ago*. Wash. Hist. Quart., Apr., 1916. Pp. 3.

A description of social and economic conditions in the state of Washington about 1885.

HEINEMAN, D. E. *The startling experience of a Jewish trader during Pontiac's siege of Detroit in 1763*. Pub. Am. Jewish Hist. Soc., vol. XXIII, 1915.

HÜBNER, L. *Jews interested in privateering in America during the eighteenth century*. Pubs. Am. Jewish Hist. Soc., vol. XXIII, 1915.

JENKS, A. E. *The legal status of negro-white amalgamation in the United States*. Am. Journ. Sociol., Mar., 1916. Pp. 13.

LIVINGSTON, M. M. *The earliest Spanish land grants in California*. Ann. Pubs. Hist. Soc. S. Calif., 1914.

LOVE, C. M. *The cattle industry of the Southwest*. Southwestern Hist. Quart., Apr., 1916. Pp. 30.

The first instalment of a study on a neglected subject.

MCARTHUR, L. A. *The Pacific Coast survey of 1849 and 1850*. Quart. of Oregon Hist. Soc., Sept., 1915.

McMURRY, D. L. *The Indian policy of the federal government and the economic development of the Southwest, 1789-1801*. Tenn. Hist. Mag., June, 1915.

McVEY, F. L. *The evolution of America*. Quart. Journ. Univ. N. D., July, 1915.

A short statement of the political and economic development of the United States.

McVEY, F. L. *Recent social tendencies in the United States*. Quart. Journ. Univ. N. D., Jan., 1916. Pp. 12.

Discusses immigration, divorce, education, philanthropy, and political tendencies.

MARTZOLFF, C. L. *Land grants for education in the Ohio Valley states*. Ohio Archaeol. & Hist. Quart., Jan., 1916. Pp. 12.

MEANY, E. S. *First American settlement on Puget Sound*. Wash. Hist. Quart., Apr., 1916. Pp. 8.

MIDDLETON, J. *A new West*. Wld. Wk., Apr., 1916.

A study with illustrations, of the natural resources of this section and of its importance in national affairs.

SCOTT, L. M. *The Yaquina Railroad*. Quart. of Oregon Hist. Soc., Sept., 1915.

SMITH, W. *The colonial post-office*. Am. Hist. Rev., Jan., 1916. Pp. 18.

An account of British regulation of the colonial post-office in America, 1639-1775.

TREAT, C. B. *The story of Sag Harbor, N. Y.* Mag. of Hist., Oct., 1915.

Founded upon the whale industry, it declined with the migration of the whalers to the California gold fields.

VAN DER ZEE, J. *Captivity of a party of Frenchmen among Indians in the Iowa County, 1728-1729*. Iowa Journ. Hist. & Pol., Jan., 1916. Pp. 23.

A translation of the narrative of one of the party. Of interest in the history of the fur trade.

WILLCOX, W. F. *Nature and significance of the changes in the birth and death rates in recent years*. Quart. Pubs. Am. Stat. Assoc., Mar., 1916.

The tables cover the period 1800-1910.

WILSON, G. R. *The first public land surveys in Indiana*. Indiana Mag. of Hist., Mar., 1916. Pp. 33.

Covers surveys made between 1785 and 1803.

An early trust. Mag. of Hist., Nov.-Dec., 1915. Pp. 4.

An account of a syndicate in the fur trade in 1759.

The first Pacific steamers. Mag. of Hist., Oct., 1915. Pp. 2.

The story of the Beaver, built in 1835.

The last wooden paddle steamship. Mag. of Hist., Oct., 1915. Pp. 2.

This was the Adriatic of the Collins Line.

Economic History, Foreign

(Abstracts by Clive Day)

ARNDT, P. *Die Kapitalkraft Frankreichs*. Weltwirts. Archiv, Jan., 1916. Pp. 18.

Sharply critical in tone.

CATELLANI, E. *Fattori ed effetti sociologici della guerra*. Riv. Ital. di Soc., Sept.-Dec., 1915. Pp. 32.

COHN, E. *Oekonomiske oversigter. Danmark, October, 1915—January, 1916*. Nat. ök. Tids., Jan.-Feb., 1916. Pp. 44.

A detailed statistical presentation of the economic condition of Denmark.

CUNNINGHAM, W. *Differences of economic development in England and Scotland*. Scot. Hist. Rev., Jan., 1916. Pp. 20.

(1) Burgh life; (2) tribal and pastoral husbandry.

DANIELS, G. W. *Valuation of Manchester cotton factories in the early years of the nineteenth century*. Eng. Hist. Rev., Dec., 1915. Pp. 2.

DOPSCH, A. *Das Capitulare de Villis, die Brevium Exempla und der Bauplan von St. Gallen*. Vierteljahrs. f. Soz. u. Wirtschaftsgesch., No. 1, 1915. Pp. 29.

The three items are "links of a chain" leading to South France.

EEBERSTADT, R. *Das Aufsteigen des Arbeiterstandes im Mittelalter*. Jahrb. f. Gesetzgebung, No. 4, 1915. Pp. 31.

An extract from the revised edition of the author's *Ursprung des Zunftwesens*.

HENNIG, R. *Zur Verkehrsgeschichte Ost- und Nordeuropa in 8 bis 12. Jahrhundert.* Hist. Zeitsch., No. 1, 1915. Pp. 30.

IMBERG, K. E. *Studien zur Geschichte der Englischen Besteuerung in den Nordamerikanischen Kolonien im 17. und 18. Jahrhundert.* Vierteljahrs. f. Soz. u. Wirtschaftsgesch., No. 3, 1915. Pp. 55.

Based chiefly on secondary authorities.

LÉMONON, E. *L'avenir économique du Trentin.* Journ. des Econ., Feb. 15, 1916. Pp. 18.

MERORES, M. *Die Venezianischen Salinen der alteren Zeit in ihrer wirtschaftlichen und sozialen Bedeutung.* Vierteljahrs. f. Soz. u. Wirtschaftsgesch., No. 1, 1915. Pp. 36.

MÜLLER, J. *Die Geschäftsreisen und die Gewinnanteile Endres Imhofs des Aelteren als Teilhabers der Handelsgesellschaft "Peter Imhof und Gebrüder" von 1508-1525.* Vierteljahrs. f. Soz. u. Wirtschaftsgesch., No. 1, 1915. Pp. 26.

Business and private life of a prominent Nuremberg merchant, from city and family archives.

NEUBAUER, T. *Wirtschaftsleben im mittelalterlichen Erfurt.* Vierteljahrs. f. Soz. u. Wirtschaftsgesch., No. 1, 1915. Pp. 20.

Concluding part, on trade.

NEUBATH, O. *Beiträge zur Geschichte der Opera Servilia.* Archiv f. Sozialwis., Nov., 1915. Pp. 27.

History of the doctrine from ancient times down to the present Catholic catechism.

PANTALEONE, M. *Fenomeni economici della guerra.* Giorn. d. Econ., Mar., 1916. Pp. 55.

The present instalment comprises an Introduction and Part I. It considers some general characteristics of world economy at the outbreak of the war; then, more elaborately, the phenomena that follow upon the expenditures of war.

SCHMOLLER, G. *Die Entstehung der deutschen Volkswirtschaft und der deutschen Sozialreform.* Jahrb. f. Gesetzgebung, No. 4, 1915. Pp. 31.

An excellent survey for popular reading.

SCOTT, W. R. *L'economia britannica in tempo di guerra.* Rif. Soc., Nov.-Dec., 1915. Pp. 17.

SKEEL, C. A. J. *The letter book of a Quaker merchant, 1756-8.* Eng. Hist. Rev., Jan., 1916. Pp. 6.

Concrete details on trade with the American colonies during the Seven Years' War.

SOMBART, W. *Die Entstehung der kapitalistischen Unternehmung.* Archiv f. Sozialwis., Nov., 1915. Pp. 35.

Study of the origin of the capitalistic business as a legal, an accounting, and a credit unit.

TURNER, E. R. *The Keelmen of Newcastle.* Am. Hist. Rev., Apr., 1916.

Interesting case of a quasi-trade-union antedating examples cited by the Webbs.

USHER, A. P. *The generalizations of economic history*. Am. Journ. Sociol., Jan., 1916. Pp. 17.

Essays to indicate stages in the development of market structure; the author distinguishes (1) exchange without measured value (2) "isolated" and (3) wholesale market systems in a world of oceanic commerce.

WICKSELL, K. *Nationalförmögenhet, nationalinkomst och "aarliga besparingar" i Tyskland*. Ek Tids., No. 11, 1915. Pp. 5.

A criticism of Karl Helfferich's Deutschlands Volkwohlstand 1888-1913 which Professor Wicksell regards as too generous in its estimates of German national wealth.

Economic Geography

BELLET, D. *Un metal d'avenir: le vanadium*. L'Econ. Franç., Feb. 19, 1916.

BIRKINBINE, C. P. *Variations in precipitation as affecting water works engineering*. Journ. Am. Water Wks. Assoc., Mar., 1916.

BUCK, H. W. *Status of water-power development*. Elec. Wld., Jan. 15, 1916.

DARLINGTON, F. *Water-power laws and industrial progress*. Engg. Mag., Feb., 1916.

GOUVY, L. *La potasse en Haute-Alsace*. Journ. des Econ., Dec., 1915.

HUNTINGTON, E. *Climatic variations and economic cycles*. Geog. Rev., Mar., 1916.

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Commerce

(Abstracts by M. T. Copeland)

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A criticism of Fisher's method of estimating volume of domestic trade.

ANDERSON, B. M. *Tests of home trade volume*. Annalist, Mar. 6, 1916. Pp. 2.

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BATTISON, W. J. *Annual wool review for 1915*. Bull. Nat. Assoc. Wool Mfrs., Jan., 1916. Pp. 66.

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BUSH, I. T. *The shipping bill*. Mo. Bull. N. Y. Chamber Comm., Mar., 1916. Pp. 5.

Criticism of Alexander bill; suggests amendments.

BRUCCOLERI, G. *Il commercio dell' Italia coll' estero nel periodo della sua neutralità.* Giorn. d. Econ., Dec., 1915. Pp. 20.

An analysis of the items and direction of Italian trade, with graphic representations, in the eleven months of Italian neutrality. The extraordinary importations from the United States are chiefly notable.

CORBINO, E. *Il commercio marittimo dopo la guerra.* Giorn. d. Econ., Feb., 1916. Pp. 16.

FISHER, I. "A multi-billion dollar nation." *Annalist*, Feb. 21, 1916. Pp. 3.

Defense of his method of computing volume of domestic trade.

GEORGE, R. E. *Coöperative marketing and price maintenance.* Econ. Wld., Mar. 18, 1916. Pp. 2.

Reasons for non-success of coöperative associations for marketing apples in the Pacific Northwest.

HARDING, W. P. G. *The present cotton situation.* Econ. Wld., Mar. 18, 1916. Pp. 4.

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KERNER, F. *Zur Analyse von Handelsstatistiken (Der österreichisch-ungarische Aussenhandel 1900 bis 1912).* Weltwirts. Archiv, Jan., 1916. Pp. 13.

Suggests new method for comparing trade statistics.

KEMMERER, E. W. *After the war—what? America's chance of holding the world purse-strings.* *Annalist*, Jan. 24, 1916. Pp. 3.

Obstacles to obtaining financial leadership; danger that permanent advantages will be sacrificed for sake of large immediate profits from trade in war materials.

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MARVIN, W. L. *The dyestuff problem still acute.* Bull. Nat. Assoc. Wool Mfrs., Jan., 1916. Pp. 11.

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MATHEWS, S. *Some larger aspects of the trade in war materials.* Journ. Pol. Econ., Jan., 1916. Pp. 11.

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PAYEN, E. *Le pétrole pendant la guerre.* L'Econ. Franç., Feb. 5, 1916. Pp. 2.
Prices; consumption; French imports of woolen cloth.

PAYEN, E. *La pétrole pendant la guerre*. L'Econ. Franç., Feb. 5, 1916. Pp. 2.
Statistics for world's production and for prices in France.

RUTTER, F. R. *Statistics of imports and exports*. Quart. Pub. Am. Stat. Assoc., Mar., 1915. Pp. 19.

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VANDERLIP, F. A. *Some elements of national trade policy*. Americas, Feb., 1916. Pp. 6.

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Brief history of the movement to secure universal cotton standards. U. S. Dept. of Agriculture, Service & Regulatory Announcements, No. 7, 1916. Pp. 18.

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Commerce after the war. New Repub., Mar. 8, 1916. Pp. 2.

New means of trade promotion which may be used in severe commercial struggle following end of war.

The export trade of the United States to Italy. Econ. Wld., Feb. 12, 1916. Pp. 3.

Prospects for future development.

How to buy and sell. Bull. No. 54, State Dept. of Agri., Com., and Ind. of South Carolina, June 15, 1915. Pp. 38.

Specific market opportunities; indicates scope of efforts for trade development.

Law of October 16th, 1915, on the purchase and sale of wheat and flour for the supply of the civil population. Mo. Bull. Econ. & Soc. Intell., Jan., 1915. Pp. 9.

Explanation of the provisions of this French law.

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Ten billions of trade a week. Annalist, Jan. 17, 1916.

Estimated volume of domestic trade far exceeds foreign trade.

War-distorted trade. Annalist, Mar. 6, 1916. P. 1.

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Le commerce extérieur de la France pendant l'année. L'Econ. Franç., Mar. 4, 1916. Pp. 2.

Statistical summary and comparison with 1914.

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(Abstracts by Julius H. Parmelee)

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From the English viewpoint.

ACWORTH, W. M. *Recent memoranda on railway topics*. Econ. Journ. (London), Mar., 1916. Pp. 8.

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ALLIX, G. *Les chemins de fer balkaniques*. Journ. des Transports, Feb. 12, 1916. Pp. 5.

ALLIX, G. *Chemins de fer du Japon*. Journ. des Transports, Mar. 11, 1916. Pp. 3.

Review of the operations of Japanese railways for the year ended March 31, 1914.

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The transportation problem of supplying Paris with milk in wartime.

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ANTHONY, C. C. *The revised standard code: Signaling rules*. Ry. Age Gaz., Mar. 17, Apr. 7, 14, 1916. Pp. 4, 4, 5.

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BEATON, A. J. *Speed of trains on narrow gauge railways*. S. African Railways and Harbours Mag., Jan., Feb., Mar., 1916. Pp. 12, 5, 8.

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BJURSTEDT, F. J. *Germany's railway problems in Asiatic Turkey*. Pop. Mech., May, 1916. Pp. 6, illus.

BUTLER, P. *Important principles involved in valuation*. Ry. Age Gaz., Mar. 17, 1916. Pp. 5.

CRANE, W. R. *Transportation problems in Alaska*. Pro. Richmond Railroad Club, Jan. 10, 1916. Pp. 26.

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CROWDER, T. R. *Sanitation of railway passenger cars*. Ry. Age Gaz., Apr. 28, 1916. Pp. 3.

ELLIOTT, H. *The malady of the railways of the United States.* Ry. Age Gaz., Feb. 11, 1916. Pp. 4.

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FAGAN, J. O. *Huge share of railway pay-roll goes to few men.* Ry. Age Gaz., Mar. 10, 1916. Pp. 2.

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With map and illustrations.

FORMAN, H. W. *The lately revised standard code.* Ry. Age Gaz., Jan. 14, Feb. 18, Mar. 31, 1916. Pp. 3, 3, 3.

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GIBBS, G. *Synopsis of the report of the Chicago Association of Commerce committee on smoke abatement and electrification of railway terminals.* Pro. N. Y. Railroad Club, Mar. 17, 1916. Pp. 62.

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GOETZ, H. A. *A less-than-carload clearing house.* Ry. Age Gaz., Apr. 14, 1916. Pp. 6.

A suggested solution of the freight congestion problem at Chicago.

GOODRICH, E. P. *Varied uses of valuation.* Annalist, Apr. 3, 1916. Pp. 2.

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GORDON, R. *"Gilded stairs and marble halls."* Engg. Mag., Feb., 1916. Pp. 14.

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HANEY, L. H. *Joint costs with especial regard to railways.* Quart. Journ. Econ., Feb., 1916. Pp. 20.

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HARRISON, F. *The relation of railroads to foreign trade.* Ry. Age Gaz., Feb. 18, 1916. Pp. 4.

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HUBAUX, E. J. *A history of the railway lines of Belgium.* Ry. Age Gaz., Mar. 17, 1916. Pp. 3.

Brief discussion, with outline maps.

HULME, T. W. *Some facts about federal valuation of railroads.* Ry. Rev., Feb. 5, 1916. Pp. 3.

- HUTCHINS, F. L. *Efficient railroad records*. Ry. Rev., Mar. 18, 1916. Pp. 4.
- HYNDHAM, H. M. *The national railways after the war*. Nineteenth Cent., Feb., 1916. Pp. 17.

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- VON JEZEWSKI, S. *Die Fahrgeschwindigkeit der deutschen Schnellzüge*. Archiv f. Eisenbahnwesen, Jan.-Feb., 1916. Pp. 60.

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- JONAH, F. G. *Suggested improvements in the terminal situation of St. Louis*. Journ. Engineers' Club of St. Louis, Jan.-Feb., 1916. Pp. 20.

- KAHN, O. H. *What American railroads need*. Wld. Wk., Feb., 1916. Pp. 10.

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- KURR, F. L. *The Rock Island problem*. Mag. of Wall St., Apr. 15, 1916. Pp. 4.
- With map and diagrams.

- LAUCK, W. J. *Eight hours for railway crews*. New Repub., Mar. 18, 1916.

The employees' side of the eight-hour day controversy between railways and trainmen.

- LEE, E. *The railway wage situation*. New Repub., Apr. 15, 1916. Pp. 3.

The railway side of the eight-hour day controversy between the railways and their trainmen.

- LORENZ, M. O. *Cost and value of service in railroad rate-making*. Quart. Journ. Econ., Feb., 1916. Pp. 28.

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- McMANAMY, F. *The federal locomotive inspection rules*. Ry. Age Gaz., Mar. 24, 1916. Pp. 4.

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- McVANN, E. J. *Federal versus state regulation*. Traffic Wld., Mar. 18, 1916. Pp. 2.

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- MARSHALL, A. J. *Congestion at freight terminals*. Traffic Wld., Mar. 11, 1916. Pp. 4.

- NASH, L. R. *Cleveland railway situation*. Stone & Webster Journ., Feb., 1916. Pp. 35.

NASH, L. R. *Depreciation reserves as affected by property growth.* Am. Econ. Rev., Mar., 1916. Pp. 21.

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NEHSE, *Die bahnpolizeiliche Strafgewalt.* Archiv f. Eisenbahnw., Jan.-Feb., 1916. Pp. 11.

Study of the police power given to railways by German law.

NORTHCOTT, W. N. *How to encourage thrift among employees.* Ry. Age Gaz., Apr. 21, 1916. Pp. 6.

Methods and results of a railroad Y. M. C. A. educational campaign.

DE NOUVION, G. *L'organisation des chemins de fer français.* Journ. des Econ., Feb. 15, 1916. Pp. 7.

Survey of various discussions regarding the comparative efficiency of French railways.

NYSTROM, K. F. *Improvement in passenger car construction and design.* Pro. Canadian Ry. Club, Feb., 1916. Pp. 12.

PARSONS, W. B. *Railways in China.* Pro. Engineers' Club of Phila., Jan., 1916. Pp. 32.

Historically descriptive. Illustrated.

RIPLY, W. Z. *Federal financial railway regulation.* N. Am. Rev., Apr., 1916. Pp. 15.

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SEYDELL, *Wohlfahrtseinrichtungen der preussisch-hessischen Eisenbahngemeinschaft im Jahre 1914.* Archiv f. Eisenbahnwesen, Jan.-Feb., 1916. Pp. 91.

Description of welfare work on the Prussian-Hessian system during 1914. War conditions upset matters from August to December, and many new expenses resulted. New sickness insurance provisions, effective January 1, 1914, described.

STOREY, D. D. *The United States supreme court and rate regulation.* Univ. Pa. Law Rev., Nov., Dec., 1915, Jan., 1916. Pp. 41, 33, 31.

THUREAU, J. *Les chemins de fer balkaniques.* Rev. Pol. & Parl., Jan. 10, 1916. Pp. 22.

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THUREAU, J. *La pénétration allemande en Asie Mineure.* Rev. Pol. & Parl., Apr. 10, 1916. Pp. 26.

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WEEKS, J. W. *The extravagance of government ownership.* Ry. Rev., Feb. 5, 1916. Pp. 2.

WHITELAM, G. E. *Prevention of loss and damage freight claims.* Pro. Western Ry. Club, Nov. 16, 1915. Pp. 31.

WYMER, C. J. *Freight car construction, maintenance and abuse.* Pro. Car Foreman's Assoc. of Chicago, Jan., 1916. Pp. 8.

Defects in railway regulation. Econ. Wld., Apr. 15, 1916. Pp. 2.

Abstract of an open letter sent out by the Railway Business Association.

The financial situation. Com. & Finan. Chron., Feb. 5, Mar. 11, Apr. 1, 22, 1916. Pp. 2, 3, 4, 3.

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Imperial government railways of Japan. Far Eastern Rev., Feb., 1916. Pp. 5.

Resumé of operations for two years ending March 31, 1915.

B. H. MEYER. Ry. Age Gaz., Apr. 7, 1916. P. 1.

Sketch of the newly elected chairman of the Interstate Commerce Commission. With portrait.

Philippine government's proposed purchase of the Manila railroad. Far Eastern Rev., Feb., 1916. Pp. 2.

Royal state railways of Siam. Far Eastern Rev., Feb., 1916. Pp. 4.

Summary of operations for the year 1914-1915.

War economy in accounting on the Great Northern Railway. Ry. News (London), Feb. 26, 1916. Pp. 3.

Utilization of mechanical methods, which are illustrated by photographs.

La crise des transports à l'étranger. Journ. des Transports, Jan. 29, 1916.

Railway conditions in England, Italy, and Russia.

Meissner Pasha on the Egyptian adventure. Atlantic, Apr., 1916. Pp. 8.

Military strategy and the railways of southern Asia Minor.

Studies in operation—the Erie railroad. Ry. Age Gaz., Apr., 28, 1916. Pp. 5.

Un essai de statistique internationale des chemins de fer. Bull. des Transports Intern. par Chemins de Fer, Feb.-Mar., 1916. Pp. 5, 7.

Summary of past efforts to secure uniform international railway statistics. The text is the Bureau of Railway Economics' recent foreign railway comparison (Bulletin 83).

Accounting

(Abstracts by Martin J. Shugrue)

ANDERSON, G. W. *How to get rid of the reproduction cost theory.* Utilities Mag., Jan., 1916. Pp. 31.

Rate making is a legislative and not a judicial function; the interference of the courts is solely for the purpose of preventing confiscation. It now remains for the legislatures to declare a basis upon which rates shall be computed. Discussion.

BANNISTER, J. C. *How buildings were appraised in revaluation of real property of Los Angeles.* Eng. Rec., Apr. 8, 1916. Pp. 3½.

Valuation of all buildings in Los Angeles county made in ten months. Unit foot estimates made by men in field with all necessary data before them. Depreciation percentages applied to fit various cases. Determination of average length of life.

BUTLER, P. *Important principles involved in valuation.* Ry. Age Gaz., Mar. 17, 1916. Pp. 4.

Reasons for valuation of railroads. Questions arising in valuation work: Is cost the equivalent of value? How is land to be valued? Shall appreciation be included? What is depreciation which is to be deducted?

CARTENHOLZ, W. B. *Accounting procedure for state universities.* Journ. Account., Feb., Mar., 1916. Pp. 12, 9.

Outlines system in operation at University of Illinois. The first article covers accounting for receipts, disbursements and encumbrances. The second deals with asset accounts, liabilities, surplus, job order system, general ledger control, and organization of accounting department.

CURTIS, W. B. *Depreciation of property.* Gen. Elec. Rev., Dec., 1915.

ESHELMAN, J. M. *The reproduction theory.* Utilities Mag., Jan., 1916. Pp. 22. Criticism with discussion by others.

FULLER, C. H. *Estimating cost of track construction on a unit-time basis.* Elec. Ry. Journ., Jan. 8, 1916. Pp. 4.

Logical plan for estimating costs, the method described being particularly adapted to labor costs. Example given.

GRAT, W. C. *Inventories and gross profit based on selling valuations.* Journ. Account., Mar., 1916. Pp. 2½.

Formulas for determining cost of sales in department stores and other similar lines.

GUERNSEY, N. T. *Principles of railway valuation.* Elec. Ry. Journ., Feb. 5, 1916. Pp. 4.

Relevant facts to be considered in valuation work. What use should be made of value.

HAYES, H. V. *Land values.* Utilities Mag., Jan., 1916. Pp. 23.

Principles to be applied in valuing land. Discussion by others.

JENKINS, J. B. *Some of the absurdities of the straight line method of determining depreciation.* Ry. Age Gaz., Feb. 25, 1916. Pp. 1½.

Property does not deteriorate from age alone. Four tables illustrating fallacies of straight line method of determining depreciation.

JENSEN, W. *Logging in western Washington.* Journ. Account., Feb., 1916.

Camp records, system of accounts at main office, balance sheets, and other statements are described and illustrated with forms.

KIRST, C. *A successful stores keeping system.* Engg. Mag., April, 1916.

Explains the daily routine in the stores department of a large central power station. A simple and accurate system adaptable to any industrial enterprise.

KNOEPPPEL, C. E. and BUTT, H. *Relation between the accountant and the efficiency engineer.* Journ. Account., Feb., 1916. Pp. 13.

Function of efficiency engineer is to outline standard practice; of the accountant, to criticise actual practice. Both should recognize this in order that a more coöperative relationship may be promoted.

LEALY, P. J. *What constitutes utility value?* Elec. Ry. Journ., Feb. 5, 1916.

Illustrations are given to show the practical problems involved in determining value.

McCONNELL, I. W. *Things promoters ignore.* Stone & Webster Pub. Serv. Journ., Jan., 1916. Pp. 6.

Applies to estimation of expenses and returns of a new enterprise.

McHENRY, W. E. *Logical factory costs.* Engg. Mag., Feb., 1916. Pp. 9.

Disapproves of the ordinary manufacturing cost system in which the product is charged with many expenses that are really the cost of not producing. Such costs should be segregated from manufacturing costs proper.

McKENNA, J. A. *Ascertainment of value and profits from books of account.* Journ. of Account., Mar., 1916. Pp. 14.

An address delivered before the Insurance Society of New York, Oct. 19, 1915, discussing various methods of determining value of merchandise destroyed by fire or otherwise, when complete records are not available.

MITCHELL, W. K. *Uniform accounting system for California counties.* Journ. Account., Apr., 1916. Pp. 14.

Shows a series of journal entries, followed by balance sheets and a revenue and expense statement. Conforms with the general scheme of accounts advocated by efficiency commission appointed by President Taft.

NEWELL, J. P. *Valuation of water rights for power companies.* Engg. News, Apr. 6, 1916. Pp. 2.

Two basic principles. "Fair Value" is highest value that can be found for property in any use, public or private; values arising from privileges granted solely to enable the grantee to serve the public can not be made the basis of charges against the public.

PAGE, E. D. *Balance sheet valuations.* Journ. Account., Apr., 1916. Pp. 14.

Principles and safe guards to be followed in the analysis and interpretation of balance sheet items.

PROUTY, C. A. *The meaning of the constitutional protection in valuation.* Utilities Mag., Jan., 1916. Pp. 13.

Also article by W. D. Kerr. Discussions by N. D. Baker and A. L. Valentine.

ROSS, T. E. *Contractors' accounts.* Journ. Account., Mar., 1916. Pp. 5.

A great number of activities come under the head of contracting. This article considers some of the features common to practically all contractors' accounts.

SCHAFF, M. and THORNE, C. *Going value*. Utilities Mag., Jan., 1916. Pp. 24.

STEARNS, F. P., GOETZ, J. H., and ERIKSON, H. *Depreciation*. Utilities Mag., Jan., 1916. Pp. 36.

Definition; court decisions; its relation to fair value. Discussion.

STREETER, R. L. *Factors affecting the cost of power*. Engg. Mag., Mar., 1916.

So many variable factors affect the cost of power in a coal burning steam plant that an accurate predetermination of costs is almost impossible. These variables analyzed and explained by means of charts.

WESTON, G. *The elements of utility valuation*. Elec. Ry. Journ., Feb. 5, 1916.

Importance of intangibles. Reproduction cost new when used as a basis for rate making should make no allowance for depreciation.

WILCOX, D. F. and BALDWIN, H. D. *Franchise values*. Utilities Mag., Jan., 1916. Pp. 19.

Discussion by others.

Reproduction cost allocated between freight and passenger service. Eng. Rec., Mar. 18, 1916. Pp. 3½.

Abstract of appraisal report of Mississippi River & Bonne Terre Railway. Ton-mile made general basis of allocation of costs, but revenue train-mile and various other bases used for certain items.

Two methods of calculating profits in serial associations. Am. Bldg. Assoc. News, Mar., 1916. Pp. 2.

Valuation of Los Angeles distributing system. Elec. Wld., Jan. 22, 1916.

Chief engineer of the California Railroad Commission offers elaborate report on the value of distributing system of the Southern California Edison Co.

Public Utilities

(Abstracts by Ralph E. Heilman)

DOOLITTLE, F. W. *Railway operation in Cleveland*. Elec. Ry. Journ., Feb. 19, 1916.

Describes efforts made in Cleveland to reduce cost of operation to permit low fares, quality of the service rendered and the actual cost of operation.

GONZENBACH, E. *Electric railway and the automobile*. Elec. Ry. Journ., Jan. 8, 1916.

Competition from the automobile a serious problem of the electric railway. Author recommends greater development of the freight business.

MCGNATH, D. J. *Return on Massachusetts investment*. Elec. Ry. Journ., Feb. 5, 1916.

Maintains that under the Massachusetts system of regulation invest-

ment has increased but rate of return has decreased. Emphasizes necessity of keeping rates high enough to attract capital.

MERRILL, O. C. *The extent and potentialities of electric power development in the United States.* Econ. Wld., Feb. 12, 1916.

A summary of a report on electric power development in the United States and concentration in its ownership and control, prepared in response to a resolution of the Sixty-third Congress.

NASH, L. R. *The Cleveland railway situation.* Stone & Webster Pub. Serv. Journ., Feb., 1916.

The early history of the traction problem in Cleveland, and the operation of the properties under the Taylor ordinances.

WETTERER, C. F. W. *The desirability of indeterminate instead of fixed-term franchises.* Stone & Webster Pub. Serv. Journ., Jan., 1916.

WILLCOX, O. B. *Competition with other investments.* Elec. Ry. Journ., Feb. 5, 1916.

The necessary rate of return on utility investment is purely a matter of competition. It depends upon the rate securable in other enterprises of a similar degree of risk.

Concentration of control of public utilities. Elec. Wld., Feb. 5, 1916.

Discusses and summarizes special report submitted to the Senate, January 20, 1916, by the Secretary of Agriculture, on the water power situation in the United States.

New franchise adopted in Des Moines. Elec. Ry. Journ., Jan. 29, 1916.

A digest of the recent street railway franchise adopted by Des Moines, after ten years of franchise controversy and litigation.

Investments

(Abstracts by Arthur S. Dewing)

CHANCELLOR, W. E. *Are the war debts safe investments?* Annalist, Feb. 21, 1916.

A broad and keen analysis of European credit; suggests that fears of repudiation are groundless.

CLAY, P. *The future of the stock market.* Moody's Mag., Mar., 1916.

Anticipates lull in business directly after war, followed by conspicuous "bull movement." Appeal to historical precedent very valuable.

COLLIVER, C. *How to analyze industrials.* Moody's Mag., Mar., 1916.

Contains many don'ts and is inclined to put too much value upon books professing to analyze investments.

HAISEY, F. M. *Argentine loan and the nation.* Moody's Mag., Mar., 1916.

Brief summary of the financial position of the nation.

LYON, H. *Shall the government regulate the sale of securities?* Ann. Am. Acad., Jan., 1916.

Can not make people cautious by statute, nor would it further economic development, were we able to.

SCHIFF, M. L. *Foreign securities and the American investor.* Econ. Wld., Jan. 8, 1916.

Discusses the requirements of foreign, particularly Latin-American, securities if they are to find market here. Suggests that the government should do more to protect investors in foreign securities.

STILES, C. R. *How to measure the value of an investment.* Finan. Rev. Rev., Mar., 1916.

Suggests comparing investments of the same security and selling those yielding least in order to buy those yielding most.

Investment security in war-time conditions. Finan. Rev. Rev., Mar., 1916.

Investor should buy bonds, rather than stocks with speculative fluctuations. There are real bargains in seasoned bonds, which will very probably appreciate, whereas the future value of most stocks is unknown.

Corporations and Trusts

(Abstracts by Arthur S. Dewing)

ESCHWEGE, L. *Gedanken über die Kapitalverwendung nach dem Kriege.* Die Bank, Feb., 1916.

Industrial aggressiveness necessary in order for nation to prosper.

KNAUTH, O. W. *Competition and capital.* Pol. Sci. Quart., Dec., 1915.

Contents that larger manufacturing businesses, because of great capital investment per unit of product, should be regulated like the railroads. Discusses, but distinctly underestimates, the social gain of pressure of smaller units struggling for vantage ground.

PARSONS, L. *Public utility holding companies.* Modern Business Supplement, Jan., 1916. Pp. 52.

A brief but comprehensive account of public utility holding companies. Author familiar with actual facts.

REED, H. B. *Ethics of competition.* Intern. Journ. Ethics, Jan., 1916.

Contrasts conservative (competitive) judicial opinion with liberal (regulative). Favors latter.

RICHTER, F. E. *The Amalgamated Copper Company: a closed chapter in corporation finance.* Quart. Journ. Econ., Feb., 1916.

Michigan blue sky law unconstitutional. I. B. A. of A. Bull., Dec. 31, 1915.

Opinion of U. S. District Court declaring act of 1915 unconstitutional as interfering with interstate commerce.

Ohio blue sky law unconstitutional. I. B. A. of A. Bull., Mar 7, 1916.

The court's finding based essentially on the oft-repeated ground of interference with the freedom of trade.

Labor and Labor Organizations

(Abstracts by George E. Barnett)

ANDREWS, J. B. *American cities and the prevention of unemployment.* Am. City, Feb., 1916. Pp. 4.

BROCKMANN, H. *Die Kreditnot der Unbemittelten und ihre Befriedigung durch Arbeitskredit*. Soz. Praxis, Jan. 27, 1916. Pp. 3.

As a means of avoiding the necessity of resort to "loan sharks," it is proposed that a loan fund shall be built up by compulsory deductions from the wages of all persons receiving less than 1500 marks.

BRUERE, R. *Meaning of the minimum wage*. Harper's, Jan., 1916. Pp. 8.

CLOPPER, E. N. *The enforcement of child labor laws*. Ann. Am. Acad., Jan., 1916. Pp. 6.

The state officials in many cases do not properly enforce child labor laws. The federal child labor bill gives the federal courts jurisdiction over violations, and its enactment would improve the enforcement of child labor legislation.

LEISERSON, W. M. *The problem of unemployment today*. Pol. Sci. Quart., Mar., 1916. Pp. 24.

History of the theory of unemployment, summary of remedies.

ROCKEFELLER, J. D., JR. *Labor and capital*. Atlantic, Jan., 1916. Pp. 18.

Concerning the Colorado Fuel and Iron Company's industrial conciliation plan.

STECKER, M. L. *The National Founders' Association*. Quart. Journ. Econ., Feb., 1916. Pp. 32.

History, membership, government, and labor policies of the association.

STOCKTON, F. T. *Agreements between American and European molders' unions*. Journ. Pol. Econ., Mar., 1916. Pp. 15.

History and effect of agreements relating to the admission to union membership of immigrant molders.

SYDENSTRICKER, E. *The settlement of disputes under agreements in the anthracite industry*. Journ. Pol. Econ., Mar., 1916. Pp. 30.

Deals with the development of the machinery for settling disputes, the working of the machinery, and the character of the disputes.

THOMPSON, C. B. *Relation of scientific management to labor*. Quart. Journ. Econ., Feb., 1916. Pp. 35.

Relations of scientific management to working conditions and trade unionism. The basic rate of wages may be a subject of collective bargaining, but not the task of the bonus.

Employment of women in munition factories. Board of Trade Labour Gazette, Feb., 1916. Pp. 2.

Abstract of the fourth memorandum of the Health of Munition Workers' Committee. Deals chiefly with effects of night work.

A business man's views on labor problems. Am. Journ. Soc., Feb., 1916. Pp. 12.

Work of the board of trade labour exchanges in 1915. Board of Trade Labour Gazette, Feb., 1916. Pp. 3.

Money, Credit, and Banking

(Abstracts by Don C. Barrett)

ACHESON SHORTIS, F. R. *Foreign banking facilities.* Journ. Inst. Bankers, Feb., 1916. Pp. 11.

Majority of English bankers need more to appreciate value of foreign capital using London as a center. Discusses acceptances and reimbursement credits.

AGGER, E. E. *Barriers to guard our gold.* Annalist, Mar. 27, 1916. P. 1.

Discusses measures for protecting our gold supply after war.

ALLEN, W. H. *The rehabilitation of silver.* Moody's Mag., Feb., 1916. Pp. 2. England and France will adopt the double standard.

BALDWIN, A. *Objections of country national banks to federal reserve system.* Trust Companies, Feb., 1916. Pp. 2.

BURRELL, H. V. *The probable effects of the war on London's position as a free gold centre.* Banker's Mag. (London), Feb., 1916. Pp. 14.

Realizes New York's powerful position now but holds London can retain her place with proper organization and foresight.

BURTON, T. E. *Probable financial and industrial effects after the war.* Journ. Pol. Econ., Jan., 1916. Pp. 13.

Should anticipate almost immediate cessation of exceptional demands at close of war, develop trade with less advanced countries, and prepare to become world's financial center.

D. D. *Englands guld förråd under kriget.* Ek. Tids., No. 9, 1915. Pp. 7.

England's gold supply during the war with tables and interpretations.

DAVENPORT, H. J. *War finance and American business.* Journ. Pol. Econ., Feb., 1916. Pp. 29.

Methods of war finance which England is pursuing will lead to inflation through deposit currency and will be equally disastrous to her own and to our interests.

DAVIDSON, D. *De Skandinaviska centralbankernas sedelutgifning och guld-kassor under kriget.* Ek. Tids., No. 10, 1915. Pp. 12.

A critical examination of the note issue and gold reserves of Scandinavian central banks during the present war.

FELLOWS, G., CAMPBELL, H. M., and JOHNSON, J. G. *Counsel for Michigan trust companies deny arguments of federal reserve board regarding grant of trust powers to banks.* Trust Companies, Feb., 1916. Pp. 5.

Brief given in full.

GARINO-CANINA, A. *I prezzi delle merci in Italia nel 1914.* Rif. Soc., Feb.-Mar., 1916. Pp. 22.

Continues the series of index numbers begun by the late Achille Necco. In his memory, the editors propose that the numbers be hereafter known as the "Necco index numbers."

GLENN, M. R. *Career of the greenbacks in the light of the suggestion to retire them.* Journ. Am. Bankers Assoc., Feb., 1916. Pp. 4.

Compilation of a series of extracts from writers on greenbacks, purporting to show need of retirement.

HICKERNELL, W. F. *Has the interest rate risen 2 per cent?* Moody's Mag., Feb., 1916. Pp. 6.

Criticises Professor Patten's view. General rate has not advanced 2 per cent.

HOFFMANN, W. *Die fremdem Mittel bei Banken und Sparkassen.* Finanz-Archiv, XXXIII, 1, 1916. Pp. 14.

HOLDEN, E. H. *The foreign exchange situation.* Moody's Mag., Mar., 1916.

Shows need of English economy. Predicts London will continue to be financial center of world.

HOWELL, E. F. *Coöperative land credit as exemplified by the land bank of the state of New York.* Econ. Wld., Jan. 29, 1916. Pp. 3.

This bank is central organization of state's land credit institutions. Criticises Herrick's pamphlets.

INGALLS, R. *Effect of New York land bank act on the state savings and loan law.* Journ. Am. Bankers Assoc., Feb., 1916. Pp. 3.

KEMMERER, E. W. *Pan-American monetary unity.* Pol. Sci. Quart., Mar., 1916. Pp. 15.

Holds monetary unity to be highly desirable, the use of the United States gold dollar as the basic Pan-American unit feasible, and the present an opportune time for undertaking the project.

LANSBURGH, A. *Amerika als Weltbankier und das amerikanische Zentralbank-System.* Die Bank, Jan., Feb., 1916. Pp. 11, 14.

Two articles give critical and rather unsympathetic review of our monetary, banking, and financial development since the war began. Doubts America's ability to become world's great creditor and banker.

LANSBURGH, A. *Die grossen Notenbanken im Dienste der kriegführenden Staaten.* Die Bank, Dec., 1915. Pp. 22.

The seventh and last of this series of articles deals with problem of furnishing circulating media for territory of German Empire enlarged by recent conquests.

LAUGHLIN, J. L. *After the war—what?* Annalist, Feb. 21, 1916. Pp. 2.

Belligerent nations will return to gold basis not long after war closes.

MAYER, E. *Ueber den Zusammenhang zwischen Zahlungsbilanz und Wechselkurs unter Berücksichtigung der gegenwärtigen Kriegsverhältnisse.* Finanz-Archiv, XXXIII, 1, 1916. Pp. 48.

MITCHELL, W. C. *American security prices and interest rates.* Journ. Pol. Econ., Feb., 1916. Pp. 32.

Continues the author's well-known index numbers from the beginning of 1913 to the close of 1915 and assembles annual averages for period of 26 years.

MORGAN, D. P. *South African finance and banking*. Bankers' Mag. (London), Mar., 1916. Pp. 5.

NOYES, A. D. *The war and currency inflation*. Scribner's, Mar., 1916. Pp. 23.

American finance is not under the influence of such inflated paper currencies as exist in belligerent Europe. In so far as changes in money supply have been a factor in promoting our existing industrial and financial movement, effects are due to our stock of gold.

NOYES, A. D. *A year of the new American federal reserve system*. Bankers' Mag. (London), Feb., 1916. Pp. 7.

PAGET, J. *The Gilbert lectures, 1916*. I. Journ. Inst. Bankers, Mar., 1916. Pp. 11.

PATTERSON, E. M. *Inflation and the gold supply*. Trust Companies, Feb., 1916. Pp. 3.

Much gold imported has been used to finance permanent investment. Withdrawals at close of war will not bring us disaster unless in meantime commercial operations are largely financed by such gold.

PATTERSON, E. M. *Lending by the billion*. Bankers Mag., Mar., 1916. Pp. 8.

Present foreign trade situation contains many dangers of inflation and speculation.

PATTERSON, J. A. *Texas depositor's guarantee fund*. Banker's Mag., Mar., 1916. Pp. 5.

Claims with six years' experience guaranty fund has worked admirably. It has saved depositors many losses.

RAFFALOVICH, A. *Les associations de crédit mutuel en Allemagne et la guerre*. L'Econ. Franç., Feb. 12, 1916. Pp. 3.

Explains mutual credit associations in Germany, their extended use after outbreak of war, and ways in which government is being helped.

SCOTT-DALGLEISH, G. *Doubts with regard to the federal rural credits bill*. Econ. Wld., Feb. 19, 1916. Pp. 4.

Objections are: bill makes no use of existing banking instrumentalities, and not enough centralization.

SEIDEL. *Das Sparkassenwesen im Königreich Sachsen*. Zeitschr. f. d. ges. Staatswis., No. 4, 1915. Pp. 19.

SMITH, J. C. *The problem of prices*. Bankers' Mag. (London), Feb., 1916. Pp. 6.

SPRAGUE, O. M. W. *An unlikely folly*. Annalist, Feb. 14, 1916. Pp. 2.

Analyzes nature of inflation. Inflation exists in Europe and perhaps threatens in the United States. With reasonable conservatism we need not fear disaster at close of war.

SYKES, E. *"Adventurous" banking*. Journ. Inst. Bankers, Mar., 1916. Pp. 11.

Criticises Runciman's statement that English "banks must be more adventurous."

TCHERNOFF, I. *La liquidation à la Bourse 1914-1915*. Journ. des Econ., Feb. 15, 1916. Pp. 12.

THALBITZER, C. *Pengenes Betydning i Verdenskrisen*. Nat. øk. Tids., Nov.-Dec., 1915. Pp. 28.

Discusses the fundamental significance of money in the present world crisis where enormous sums and up-to-date financial methods are involved.

VILLARD, H. G. *The functions and activities of the German loan banks*. Econ. Wld., Feb. 5, 1916. Pp. 3.

Loan bank notes supported by threefold guaranty. Germany is in safe financial position.

VUOLI, R. *L'intervento degli enti pubblici nella delimitazione dei prezzi dei generi prima necessità*. Riv. Intern., Dec., 1915. Pp. 13.

The concluding article on the fixing of war prices of the necessities of life.

WESTON, G. *Trade acceptances: an advance in commercial development*. Econ. Wld., Feb. 26, 1916. Pp. 3.

Advantages of change from open accounts to trade acceptances.

WHITAKER, A. C. *Currency depreciation in time of war*. Quart. Journ. Econ., Feb., 1916. Pp. 26.

Discusses principles determining depreciation, the tests for currency depreciation, and attempts a measurement of the degree of depreciation in the currencies of England, France, and Germany during the war.

WILLIS, H. P. *Relation of federal reserve system to state banks and trust companies*. Trust Companies, Feb., 1916. Pp. 3.

Presents the direct and indirect advantages which would come to these institutions in joining the federal reserve system.

WOLFE, O. H. *The country clearing-house*. Bankers Mag., Mar., 1916. Pp. 6.

Probable extension of use of checks requires development of clearing system.

WOOD, E. *Building association problems in England arising out of the war*. Am. Bldg. Assoc. News, Feb., 1916. Pp. 4.

Discusses postponed payments, depreciation of securities, higher interest, etc.

YOUNG, A. A. *Capital supply after the war*. Annalist, Mar. 27, 1916. Pp. 2.

Not so much capital wasted as is popularly believed. Attempts to narrow and define the field of conjecture.

Bankers on the situation. Bankers' Mag. (London), Mar., 1916. Pp. 6.

Prominent English bankers give views on a variety of banking topics. Increased sense of responsibility to public.

Gilbart lectures, 1916. Nos. 1 and 2. Bankers' Mag. (London), Mar., 1916.

Full report of Sir John Paget's lectures.

Progress of banking in Great Britain and Ireland during 1915. Bankers' Mag. (London), Feb., 1916. Pp. 30.

Deals with the increase in the number of banking offices opened.

Public Finance

(Abstracts by Charles P. Huse)

BORMANN, K. *Entwicklung und jetziger Stand der sächsischen Gemeindefinanzstatistik*. Finanz-Archiv, XXXIII, 1, 1916. Pp. 17.

Describes the development since 1832 of comparative financial statistics for the local governments in Saxony.

BORGIALLI, A. *Alcune notizie sul risultato dei due prestiti nazionali del 1915 nelle varie provincie italiane*. Giorn. d. Econ., Feb., 1916. Pp. 3.

A table showing the amounts and per capita subscriptions in the Italian provinces to war loans.

BUCK, L. *Die Besteuerung der Kriegsgewinne*. Finanz-Archiv, XXXIII, 1, 1916. Pp. 142.

An exhaustive study, with appended text, of the German law taxing war profits.

CABIATI, A. *Problemi finanziari della guerra*. Giorn. d. Econ., Dec., 1915. Mar., 1916. Pp. 34, 34.

I. Discusses the formation of super-profits in war times, their consequences and their validity, and their elimination through special taxation. II. Loans and taxes in their bearing on the distribution of wealth.

CHANCELLOR, W. E. *Are war debts safe investments?* Annalist, Feb. 21, 1916. Pp. 2.

Expects no repudiation of war debts.

CHAPMAN, S. J. *Some effects of war before and after peace*. Journ. Inst. Bankers, Feb., 1916. Pp. 17.

Government assistance to British industry and finance has proved beneficial.

COHEN, A. *Der gemeindliche Malz- und Bieraufschlag in Bayern*. Finanz-Archiv, XXXIII, 1, 1916. Pp. 8.

A description of the local malt and beer taxes in Bavaria.

CRIMI, G. N. *I profitti di guerra e l'imposta di ricchezza mobile*. Rif. Soc., Nov.-Dec., 1915. Pp. 7.

D. D. *Naagra synpunkter betröfande metoden för beräkningen af krigets kostnader*. Ek. Tids., No. 10, 1915. Pp. 8.

A study of methods of computing the costs of the present war.

DOW, W. W. *Certain phases of war finance*. Stone & Webster Journ., Jan., 1916. Pp. 10.

A useful, concise statement of the war finances of Great Britain, Germany, and France.

GERLING, C. *Die finanzwirtschaftliche Behandlung der städtischen Werke*. Finanz-Archiv, XXXIII, 1, 1916. Pp. 9.

Considers principles that should govern the conduct of municipal enterprises.

GIBSON, A. H. *War finance*. Bankers' Mag. (London), Jan., 1916. Pp. 12.

Discusses economic effects of English methods of financing the war and suggests changes.

GILBERT, J. H. *Single-tax movement in Oregon*. Pol. Sci. Quart., Mar., 1916.

Though without tangible results, the single tax movement in Oregon has shown the defects of both the uniform general property tax and of the pure single tax.

GRIZIOTTI, B. *Finanze di guerra e riforma tributaria*. Rif. Soc., Feb.-Mar., 1916. Pp. 25.

HOFFMAN, I. N. *War loans, expenditures and indebtedness of the belligerent nations*. Journ. Am. Bankers Assoc., Jan., 1916. Pp. 4.

A study with detailed figures of the war expenditures and debts incurred by the various belligerents.

HÖLJER, E. *Taxeringen till inkomst-och förmogenhetsskatt aar 1913*. Ek. Tids., No. 1, 1916. Pp. 15.

A statistical study of income and property taxation in Sweden in 1913 based on an exhaustive report of the finance department.

JAMES, A. E. *The measures of relative tax burdens*. Quart. Pub. Am. Stat. Assoc., Mar., 1916. Pp. 12.

Gives the results of an interesting investigation made in Virginia to ascertain the extent of inequality in assessment.

JÈZE, G. *Les finances de guerre de la France*. III. *La politique financière du gouvernement pendant la période de mobilisation et pendant les premiers mois de la guerre (about à décembre 1914); La liquidation du 3 1/2 0/0 amortissable*. Rev. Sci. Legis. Finan., Oct.-Dec., 1915. Pp. 107.

A critical narrative of the financial methods employed in the French mobilization and the first months of the war. The great assistance of the Bank of France. The reasons for converting the 3½ per cent loan of June 20, 1914.

LEONHARDT, E. *Die stillen Reserven und die Kriegsgewinnsteuer*. Die Bank, Jan., 1916. Pp. 8.

The administrators of the German tax on war profits must not penalize conservatism by confusing the hidden surplus with war profits.

LUTZ, H. L. *Recent reports on taxation and finance*. Nat. Munic. Rev., Jan., 1916. Pp. 10.

A critical review for 1915 of the reports of tax commissions, associations, and conferences.

DE MÉRIEL, P. *En Espagne*. I. *Les projets budgétaires*. II. *Les nouveaux impôts proposés*. Journ. des Econ., Dec., 1915. Pp. 13.

Describes the financial situation in Spain and the new taxes proposed to meet a part of the deficit.

MULNIX, H. E. *Trend and comparative cost of government*. Journ. Account., Mar., 1916.

NORMAND, J. *Le budget de la ville de Paris pour l'exercice, 1916*. L'Econ. Franç., Mar. 11, 1916. Pp. 2.

A study of the ways in which the city of Paris is meeting her war time deficits.

PRITZNER, J. *Die Ausgaben der deutschen Einzelstaaten für das Staatsoberhaupt.* Finanz-Archiv, XXXIII, 1, 1916. Pp. 18.

An account of the expenditures incurred for the maintenance of the various German sovereigns and of the revenues devoted to that purpose.

RANDALL, J. G. *The Virginia debt controversy.* Pol. Sci. Quart., Dec., 1915. Pp. 25.

A history of the controversy between Virginia and West Virginia; the division of the state debt of 1861 through its successive stages to the final decision of the Supreme Court on June 14, 1915.

SCHELLE, G. *Esquisse d'un programme d'économies budgétaires.* Journ. des Econ., Jan., 1915. Pp. 27.

Reviews French finances and suggests possible economies.

SCHWARZ, O. *Die Finanzen der europäischen und der wichtigeren aussereuropäischen Staaten.* Finanz-Archiv, XXXIII, 1, 1916. Pp. 139.

Gives brief statements of the financial condition of European and other nations.

SILVERSTOLPE, K. G. *Världskrigets kostnader.* Ek. Tids., No. 10, 1915. Pp. 10.

An investigation into the costs of the present war.

SMITH, H. *Die dänische Steuergesetzgebung in 1915 und die Besteuerung der Kriegsgewinne in Norwegen und Schweden.* Finanz-Archiv, XXXIII, 1, 1916. Pp. 10.

A description of the emergency taxes recently imposed in Denmark, Norway, and Sweden.

TUNSTALL, R. B. *Financing municipal improvements.* Journ. Account., Mar., 1916. Pp. 8.

Lays down general rules for the financing of street improvements, giving special attention to Virginia cities.

Constitutional amendments of 1915 and non-partisan acts. Transactions of the Commonwealth Club of California, Oct., 1915. Pp. 36.

Besides a discussion of the merits of the California taxation amendments, submitted in 1915, contains material on tax administration and a useful bibliography.

Financing the war. New Statesman, Feb. 26, 1916. Pp. 2.

A brief discussion of the financial problems which England must face.

Mayor's plan to reduce city's tax rate. N. Y. Mo. Bull. Chamber of Commerce, Feb., 1916. Pp. 15.

Mayor Mitchel hopes to relieve the taxpayers of New York City through the abolition of the state tax, a greater degree of home rule, and a share in certain state receipts and appropriations.

State taxation; federal income tax law. N. Y. Mo. Bull. Chamber of Commerce, Jan., 1916. Pp. 47.

A discussion of proposed substitutes for the New York personal property tax and amendments to the federal income tax.

Twenty-first annual meeting of the national municipal league held at Dayton, Ohio, November 17, 18, 19, 1915. Nat. Munic. Rev., Jan., 1916. Pp. 27.

Contains much material on subject of municipal finance and taxation.

Les deux taxes nouvelles: l'impôt sur les valeurs mobilières non abonnées et l'impôt sur le revenu. L'Econ. Franç., Mar. 11, 1916. Pp. 2.

A description of the new French taxes on income from foreign securities and on general income.

Les trois taxes nouvelles. L'Econ. Franç., Feb. 26, 1916. Pp. 2.

A critical discussion of the new war taxes in France. Because of invasion the yield of the tax on war profits will be small.

L'impôt sur le revenu guide du contribuable. Journ. des Econ., Feb. 15, 1916. Pp. 12.

Gives administrative rules of the new French income tax.

L'impôt sur le revenu: le règlement d'administration publique et la note ministérielle. L'Econ. Franç., Jan. 29, 1916. Pp. 3.

A critical study of the rules for administering the new French income tax.

Tariffs and Reciprocity

EMERY, H. C. *When the world revises tariffs.* Annalist, Mar. 20, 1916.

KELLENBERGER, E. *Zur Theorie von Freihandel und Schutz Zoll.* Weltwirts. Archiv, Jan., 1916.

LAMP, K. *Zollpolitik und Zollrechtstechnik.* Zeitschr. f. d. ges. Staatswis., No. 4, 1915.

TAUSSIG, F. W. *The proposed tariff commission.* N. Am. Rev., Feb., 1916.

WOOSTER, H. A. *The tariff and the ultimate consumer.* Am. Econ. Rev., Mar., 1916. Pp. 15.

ZERGENYI, E. *Die wirtschaftliche Annäherung zwischen Deutschland, Oesterreich und Ungarn.* Blätter f. Vergleich. Rechtswis., Oct., 1915-Jan., 1916.

Survey of questions of tariff, currency, and finance.

A tariff board. New Repub., Feb. 12, 1916. Pp. 1.

Limitations and advantages.

Population and Migration

(Abstracts by William B. Bailey)

FISHER, I. *The mortality of our public men.* Quart. Pub. Am. Stat. Assoc., Mar., 1916. Pp. 16.

A comparison of the mortality of presidents, vice-presidents, senators, and representatives from the beginning of our national government, with the mortality of Yale graduates from 1850 to 1900.

HEIBERG, P. *Antallet af Sygedage i den danske Befolkning i Aldersklasserne 15-74 aar.* Nat. ök. Tids., Nov.-Dec., 1915. Pp. 6.

A statistical study of the days of illness in the capital city, cities and country districts in Denmark during the period 1890-1909, of men and women separately in six age groups between 15 and 75 years, and also under thirteen groups of diseases.

HIBBS, H. H. *The mother and infant mortality.* Quart. Pub. Am. Stat. Assoc., Mar., 1916. Pp. 11.

Effect of the age, character, and intelligence of mothers upon the death-rate of their children.

JAMES, E. W. *The Malthusian doctrine and war.* Sci. Mo., Mar., 1916.

Until the causes of economic pressure are eliminated, war remains a potentiality.

MERRITT, E. *The agricultural element in the population.* Quart. Pub. Am. Stat. Assoc., Mar., 1916. Pp. 15.

A comparison of the population and vital statistics of the urban and rural sections of the United States from 1890 to 1910.

SCHUSTER. *Mutter und Kind der Zukunft im Spiegel der Eugenik.* Natur und Gesellschaft, Mar., 1916. Pp. 5.

The effect which eugenics is likely to have upon the European birth-rate.

WARNING, J. *Tilbøjeligheden til at vælge samme Livsstilling som Forældrene.* Nat. ök. Tids., Nov.-Dec., 1915. Pp. 13.

On the basis of national military service statistics it is shown that there is in Denmark a marked tendency for sons to take up a life-work like that of their fathers, this being particularly evident in the academic, agricultural, and fishing groups.

WEBER, H. S. *Rücksidlung Auslandsdeutscher nach dem Deutschen Reiche.* Jahrb. f. Nat. Oek., III, 50, 6, 1915. Pp. 77.

A study of the Germans in Galicia, Hungary, and Russia, together with a study of the activity of Germans who have returned to their Fatherland.

WELTON, T. A. *On the birth-rates in various parts of England and Wales in 1911, 1912 and 1913.* Journ. Royal Stat. Soc., Jan., 1916. Pp. 19.

The cities, colliery, textile, and manufacturing towns, other industrial towns, trade centers, and residential centers are compared as to their birth-rates.

WELTON, T. A. *On the death-rates in various parts of England and Wales in 1913.* Journ. Royal Stat. Soc., Jan., 1916. Pp. 18.

A painstaking study of the death-rate in different towns of England and Wales, grouped according to prevailing occupation or industry and also according to size of population.

WILLCOX, W. F. *The nature and significance of the changes in the birth and death rates in recent years.* Quart. Pub. Am. Stat. Assoc., Mar., 1916.

An analytical study of the death-rate in New York City from 1804 to 1913, and in Massachusetts from 1850 to 1913.

WÜRZBURGER, E. *Rückblick auf die Literatur des Geburtenrückgangs*. *Soz. Praxis*, Feb. 24, 1916. Pp. 7.

The opinions of several German writers upon the causes for the decline in the birth-rate.

The trend of American death-rates. *Nation*, Jan. 27, 1916. P. 1.

Reaches the conclusion that vital conditions in this country have probably not deteriorated within recent years.

Insurance and Pensions

(Abstracts by Henry J. Harris)

ANDREWS, J. B. *Health insurance and the prevention of tuberculosis*. *Medical Record*, Feb. 26, 1916. Pp. 9.

Tuberculosis may be regarded as an industrial disease. The best preventive measures can be secured by a plan for health insurance, such as that advocated by the American Association for Labor Legislation.

BALDWIN, F. S. *Advantages and disadvantages of state funds in workmen's compensation*. *Am. Labor Legis. Rev.*, Mar., 1916. Pp. 8.

Reply to criticisms of policy of state funds.

BROECKER, H. *Volkerversicherung und Krieg*. *Zeitschr. f. d. ges. Versicherungswiss.*, Mar., 1916. Pp. 14.

Instalment life insurance has suffered heavily because of the war. Its future depends on the economic welfare of the country after peace comes.

CLARK, L. D. *Workmen's compensation and the federal congress*. *Journ. Pol. Econ.*, Oct., 1915. Pp. 16.

History and scope of federal employees compensation act and proposed plans for compensation of employees on interstate railways.

DAVIS, M. M. *Organization of medical service*. *Am. Labor Legis. Rev.*, Mar., 1916. Pp. 6.

Present medical service is one of disorganization. The coming health insurance.

DUBLIN, L. I. *Mortality from external causes among industrial policyholders of the Metropolitan Life Insurance Company in 1911-1914*. *Econ. Wld.*, Mar. 11, 1916. Pp. 3.

The mortality from external causes shows that the United States is wasteful of human life; the rate of the Metropolitan 1911-14 (white males 25-34) was 160 per 100,000; for the U. S. registration area, 186.2 in 1910-12; for England and Wales, 61.9 in 1913.

EMERSON, H. *The social cost of sickness*. *Am. Labor Legis. Rev.*, Mar., 1916. Pp. 5.

The social cost is incalculable—the cost of prevention is slight.

GRAY, W. E. *State insurance and workmen's compensation*. *Econ. Wld.*, Feb. 19, 26, 1916. Pp. 3, 5.

Argues against state insurance.

HANAUER, W. *Der Krieg und die deutsche Arbeiterversicherung.* Jahrb. f. Nat. Oek., 1915. Pp. 26.

The social insurance system has been able to stand the stress of war times and has proved an effective means of alleviating forms of distress due to war.

HILDRETH, C. F. *What's the matter with fire insurance.* Econ. Wld., Mar. 18, 1916. Pp. 2.

Fire insurance is mutual in fact, if not in form; and burdens imposed on companies by legislation must be borne by the insured.

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THIRTEENTH LIST OF DOCTORAL DISSERTATIONS IN POLITICAL
ECONOMY IN PROGRESS IN AMERICAN UNI-
VERSITIES AND COLLEGES

Students whose period of continuous non-residence exceeds three years are omitted from the list. The last date given is the probable date of completion.

The first list of this kind was dated January 1, 1904, and was sent to all members, but not regularly bound in the publications. The subsequent lists have appeared in the publications as follows: Second list, 1905, in third series, vol. iv, p. 737; third list, 1906, in third series, vol. vii, no. 3, supplement, p. 43; fourth list, 1907, in third series, vol. viii, no. 2, supplement, p. 42; fifth list, 1908, in the *Bulletin* for April, 1908, p. 69; sixth list, 1909, in the *Bulletin* for April, 1909, p. 16; seventh list, 1910, in the *Bulletin* for March, 1910, p. 12; eighth list, 1911, in the *Review* for March, 1911, p. 212; ninth list, 1912, in the *Review* for June, 1912, p. 519; tenth list, 1913, in the *Review* for June, 1913, p. 527; eleventh list, 1914, in the *Review* for June, 1914, p. 524; twelfth list, 1915, in the *Review* for June, 1915, p. 476.

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- LOUIS GOTTLIEB, A.B., Rochester, 1914. Forest taxation. 1917. *Columbia*.
- MERLIN H. HUNTER, A.B., Muskingum, 1912; A.M., Princeton, 1913. The development and problems of the New York state corporation tax. 1916. *Cornell*.
- CLARENCE H. KAISER, A.B., Rochester, 1914. The theory of taxable income. 1917. *Columbia*.
- JOHN EMMETT KIRSHMAN, Ph.B., Central Wesleyan, 1904; Ph.M., Syracuse, 1908. Taxation of corporations. *Harvard*.
- SHINJIRO KITASAWA, A.B. Waseda, 1910; A.M., North Carolina, 1910; Ph.D., Johns Hopkins, 1914. The national debt of Japan. *Johns Hopkins*.
- BURLEY FRANK LAMB, A.B., Albion, 1913; A.M., Illinois, 1914. The effects of the recent war loans of the United States. 1917. *Pennsylvania*.
- EDMOND EARLE LINCOLN, A.B., Ohio Wesleyan, 1910; A.B., Oxford, 1910; A.M., 1914. The financial results of state industry. *Harvard*.
- WALLACE MITCHELL McCLURE, A.B., Tennessee, 1911; LL.B., 1911. Public finance in Tennessee. 1916. *Columbia*.
- ROWLAND ROBBINS McELVARE, A.B., Columbia, 1913; A.M., 1914. Public debts in Europe since 1887. *Columbia*.
- MARION O'KELLIE MCKAY, S.B., Ohio Northern, 1907; A.B., Ohio State, 1910; A.M., Harvard, 1912. The poll tax in the United States. *Harvard*.
- MADEL NEWCOMER, A.B., Leland Stanford, 1913; A.M., 1914. The separation of the sources of state and local revenues in the United States. 1917. *Columbia*.
- SHANKEER MADHAN PAGAR, A.B., Wisconsin, 1914; A.M., Columbia, 1915. The Indian income tax. 1917. *Columbia*.
- LLOYD PRESTON RICE, A.B., Wesleyan, 1913; A.M., Harvard, 1914. Taxation in Connecticut. *Harvard*.

- JAMES HARVEY ROGERS, A.B., South Carolina, 1906; B.S. and M.A., 1907; A.B., Yale, 1909. Mathematical investigation of the shifting and incidence of taxation. 1916. *Yale*.
- MARK ANSON SMITH, A.B., Dartmouth, 1910; A.M., Wisconsin, 1913. Taxation of insurance companies. *Harvard*.
- RUSSELL ALGER STEVENSON, B.A., Michigan, 1913; M.A., Iowa, 1915. Municipal accounting. 1917. *Iowa*.
- JOHN VALENTINE VAN SICKLE, A.B., Haverford, 1913. History of taxation in Massachusetts since 1860. *Harvard*.

Population and Migration

- LEROY EDWARD BAUMANN, A.B., Chicago, 1912. Race amalgamation in Greenpoint (Brooklyn) as affected by leadership. 1916. *Columbia*.
- J. C. BELL, JR., A.B., Princeton, 1912. Migration to the Northwest. 1830-1850. 1916. *Columbia*.
- HERBERT A. BROWN. A study of the population of the Westchester county almshouse. 1917. *Columbia*.
- J. M. GILLMAN, A.B., Adelbert, 1913; A.M., Columbia, 1915. Immigration: a chapter in Cleveland's labor problem. 1916. *Columbia*.
- EDNA HATFIELD EDMONDSON, A.B., Indiana, 1911; A.M., 1914. The population of Gary, Indiana. 1916. *Indiana*.
- HENRY HORACE HIBBS, JR., A.B., Brown, 1910; A.M., 1911. A study of infant mortality in Boston, with especial reference to four wards. 1916. *Columbia*.
- ROBERTA HODGSON, B.A., Wisconsin Summer, 1911. Types and traits of negroes of Athens, Georgia. *Wisconsin*.
- THOMAS P. KELLY, A.B., College of the City of New York, 1908. The emigrant in industry. 1916. *Columbia*.
- FERRIS F. LAUNE, A.B., Nebraska, 1914. The immigrant and agriculture. 1918. *Chicago*.
- R. B. MURAVCHIK. Certificate Gymnasium Kief (Russia), 1903; A.M., Columbia, 1913. Modern civilization and the declining birth-rate. 1916. *Columbia*.
- JAMES R. MUTCHMORE, A.B., Toronto, 1913; A.M., Columbia, 1915. Canadian immigration. 1917. *Columbia*.
- ELAINE OKUNTZOFF, Gymnasium (Russia), 1902; A.B., New York Normal, 1908; A.M., Columbia, 1909. Russian Russians in America. 1916. *Columbia*.
- E. B. REUTER, A.B., Missouri, 1910; S.B., 1910; A.M., 1911. The status of the mulatto in the United States. 1916. *Chicago*.

Social Problems and Reforms

- MATTHEW P. ADAMS, B.S., Harvard, 1904; A.M. Columbia, 1913. A study of five groups of families whose children attend the industrial schools of the Children's Aid Society. *Columbia*.
- MARGARET GRAY BACON, Ph.B., Chicago, 1912. Present tendencies in social reform. 1917. *Chicago*.
- H. C. BEYLE, A.B., Central College of Iowa, 1912. Constitutional and administrative aspects of tenement house legislation. *Chicago*.
- VERNON MOSHER CADY, B.S., California, 1908; S.T.B., Pacific School of Ministry, 1908. Social control of the feeble-minded. 1916. *Columbia*.
- CHARLES HARVEY CHASE, B.S., Columbia, 1913. Social inefficiencies in our industrial life. 1916. *Columbia*.
- EARLE E. EUBANK, A.B., William Jewell, 1908. A study of the deserting husband. 1916. *Chicago*.
- WARREN E. GETTYS, B.A., Hiram, 1913. Degenerate families. 1908. *Ohio State*.
- M. T. HODGEN, A.B., California. The broken home as a cause for delinquency. *California*.
- H. E. KELLINGTON, California reformatories of juvenile offenders. *California*.
- VELLA MARTIN, A.B., Lombard, 1907; A.M., Chicago, 1912. Jails and houses of correction in the United States. 1916. *Columbia*.
- MAUDE E. MINER, B.A., Smith, 1901; M.A., Columbia, 1906. Prevention of prostitution. 1917. *Columbia*.
- J. W. MORGAN, B.A., Richmond, 1899; Crozer Theological Seminary, 1903. Social characteristics of a Virginia foothill township. *Wisconsin*.
- LEWIS HENDRIX MOUNTS, B.A., Iowa, 1911; M.A., 1914. A study of the sources of social infection in Iowa with special reference to dependents and delinquents. 1916. *Iowa*.
- DEWITT CLINTON POND, B.S., Trinity, 1908. Tenement house laws. 1916. *Columbia*.
- O. G. REUMANN, A.B., Syracuse, 1913; A.M., Columbia, 1915. Inebriety and its treatment. 1917. *Columbia*.
- R. F. SEYBOLDT, Ph.B., Brown, 1910; A.M., 1911. Education through the apprenticeship system in colonial New York. 1916. *Columbia*.
- ISABEL SIMERAL, Ph.B., Chicago, 1905; A.M., Columbia, 1911. Reform and reform movement on behalf of children during the early nineteenth century in England. 1916. *Columbia*.
- JACOB NATHANIEL SOKOHL, B.S., Teachers College, 1912. Vocational guidance. 1916. *Columbia*.
- MARY C. TINNEY, A.B., Adelphi, 1909; M.A., Chicago, 1910. The work of the Catholic Home Bureau for dependent children. 1917. *Columbia*.

HENRY W. THURSTON, A.B., Dartmouth, 1886. The care of the handicapped child. 1917. *Columbia*.

EMMA ANNIE WINSLOW, B.S., Teachers College, 1914. The use of the budget in the household as a means of securing better control of family expenditures. *Columbia*.

Insurance and Pensions

ISRAEL SAMUEL ALDERBLUM, A.B., College of the City of New York, 1908; A.M., *Columbia*, 1909. The supervision and taxation of life insurance companies. 1916. *Columbia*.

JOSEPH LEWIS COHEN, A.B., Cambridge, 1913. Insurance against unemployment. 1916. *Columbia*.

ALBERT R. GMINDER, A.B., Johns Hopkins, 1914. The operation of workmen's compensation systems in the United States. 1917. *Johns Hopkins*.

C. H. MEYERS, A.B., *Columbia*, 1912. Constitutionality of workmen's compensation acts. *Columbia*.

VICTOR N. VALGREN, A.B., Gustavus Adolphus, 1905; A.M., Minnesota, 1909. Farmers' mutual property insurance in the United States. 1916. *Chicago*.

Pauperism and Charities

WILLIAM T. CROSS, A.B., Missouri, 1908; A.M., 1909. Institutions of charity and correction. 1918. *Chicago*.

PORTER R. LEE. Public outdoor relief in the United States. *Columbia*.

WILLIAM RADDATZ, B.A., Lawrence, 1908; M.A., Northwestern, 1912. Charitable foundations. *Wisconsin*.

Socialism and Co-operative Enterprises

OTHO C. AULT, A.B., Tri-State, 1907; A.B., Defiance, 1911. The recent development of socialism in the United States. 1916. *Chicago*.

WILLIAM WILSON CUMBERLAND, A.B., Occidental, 1912; A.M., *Columbia*, 1913. Coöperation in the California citrus industry. 1917. *Princeton*.

GEORGE J. EBERLE, B.A., Wisconsin, 1914. The municipalization of electric railways. *Wisconsin*.

BORIS EMMET, A.B., Wisconsin, 1913; M.A., 1914. Profit sharing in the United States. 1917. *Johns Hopkins*.

EARL L. STEHLMAN, A.B., Franklin and Marshall, 1912. Communistic life of the Moravians at Ephrata, Pennsylvania. 1916. *Columbia*.

Statistics and Its Methods

C. D. BLACHLY, Ph.B., Grinnell, 1908. Organization of social statistics in Chicago. 1917. *Chicago*.

C. L. CLARK, A.B., Clark College, 1909; A.M., 1911. American men of letters. A study in statistics. 1916. *Columbia*.

LOUIS HENRY LUBARSKY, B.S., College of the City of New York, 1904. Graphic statistics. 1916. *Columbia*.

NOTES

A new edition of the *Handbook* of the American Economic Association will be published as a supplement to the September number of the *REVIEW*. On this account it is desired that the Secretary of the Association be promptly informed of all changes in post office addresses of members.

At a quarterly meeting of the American Statistical Association in New York, May 5, a discussion took place on "Are definite and invariable rules desirable for the tabular presentation of statistical data?" led by Roland P. Falkner.

The twenty-first annual meeting of the Michigan Academy of Science was held in Ann Arbor, March 28-30, 1916. Before the section of economics, papers were presented on: "The Aldrich-Vreeland currency and the European war crises," by George E. Dowrie; "Farm accounting: a business problem," by C. S. Dunford; "Influences of the industrial and social revolution upon the agricultural industry of America," by R. H. Holmes; "The teaching of sociology," by G. S. Dow; "Farm finance," by W. O. Hedrick; "Municipal accounts of Dayton," by F. F. Kolbe; "The valuation of land," by F. E. Armstrong; "The teaching of statistics," by W. D. Thompson; and "The theory of land values as affected by taxation," by R. S. Tucker. Professor Frank T. Carlton was reelected vice-president in charge of the section of Economics.

A meeting of the Wisconsin Commercial and Industrial Congress was held at Madison, February 14-18, under the direction of the department of political economy and the university extension division.

The January issue of the *Utilities Magazine* contains complete proceedings of the Valuation Conference which was held November 10-12, 1915 (1009 Finance Bldg., Philadelphia; price, \$2 in paper).

A World Salesmanship Congress will be held at Detroit, June 9-13. Inquiries may be addressed to D. N. Barrett, editor of *Salesmanship*, Detroit.

TENTH ANNUAL CONFERENCE OF THE NATIONAL TAX ASSOCIATION. Final decision has been made by this association to hold its tenth annual conference at Indianapolis, Indiana, August 28-31, 1916. This meeting will bring together for mutual discussion the taxing officials of the various states, the leading economists specializing in public finance, representatives of the large taxpaying corporations, and at-

torneys and individuals interested in the burning question of taxation.

It is likely that this year's meeting will be of peculiar interest in view of the universal thought and attention that is being given at present to taxation questions. The states are, as a rule, all confronted with the problems of increased expenditures and are without definite programs for meeting these expenses. In addition and of peculiar importance is the indication that the federal government is planning revenue changes which will be of very vital interest to the states and to individual citizens. The two-year trial of the income tax has given opportunity to note and discuss its effects and to suggest desirable changes. A widespread agitation for greater constitutional freedom to provide for state income taxes, classified property taxes, etc., is noticeable. Perhaps of most importance to the taxpayer is the long-delayed discussion of budgetary reforms.

The definitely expressed desire by delegates to previous conferences for more time for discussion of the practical administrative questions will be met this year through the assignment of two full sessions to the round table in charge of men with wide experience on the administrative side. The large problem of the allocation of public service corporation values will be definitely approached by this association for the first time, through the report of a special committee. These and other allied topics will make up a program of unusual interest.

The association cordially invites and urges attendance by all interested. As usual, the various states, the Canadian provinces, university presidents, and state associations of public accountants will be asked to appoint official delegates.

T. S. ADAMS.

A circular with regard to the thirteenth contest (1917) for the Hart Schaffner & Marx prizes for essays on economic subjects may be had of Professor J. Laurence Laughlin, University of Chicago.

The Women's Educational and Industrial Union of Boston offers through the Appointment Bureau and Research Department a year's course in vocational guidance equivalent to graduate work. The course begins September 20, 1916.

Boston University is planning, in addition to its evening courses, a complete day course in business administration, intended to occupy the full time of the student. The course provides that the students shall be employed during the summer vacation and that after three years' attendance in classes they shall be assigned to positions in Boston business houses. Reports on their work are to be filed by employers and made a part of the college record. During the fourth year, while em-

ployed by day, the students will carry on evening studies at the college.

The University of Idaho has established a department of business administration.

The Business Training Corporation (185 Madison Ave., New York) announces a course in foreign trade under the direction of Dr. Edward E. Pratt.

The Seventeenth Annual Report of the City Superintendent of Schools of New York deals with *Preparation for Trades*. It relates principally to the Manhattan Trade School for Girls, Vocational School for Boys, Murray Hill Vocational School, and Brooklyn Vocational School for Boys (pp. 99).

Under the auspices of the Committee on Insurance of the New York Chamber of Commerce (Dr. J. F. Crowell, executive officer), arrangements are being perfected for a comprehensive investigation into all essential phases of the subject of social insurance, before the next meeting of the New York legislature.

The American Medical Association has organized a Committee of Social Insurance for the purpose of bringing the necessity of social insurance, especially health insurance, to the attention of the medical profession, and also for the purpose of obtaining satisfactory provision for the organization of medical aid under health insurance acts, the adoption of which is probable in the near future. Dr. I. M. Rubinow is executive secretary.

The Economic Psychology Association, recently organized with headquarters in New York City (Professor H. L. Hollingsworth), represents an attempt to bring together in coöperative effort scientific investigators and men of industry, commerce, and administration. The association contemplates making more easily available to industry the methods and results of psychological investigation, through the means of conference, coöperative investigation, research fellowships, and the publication of the results of new studies in applied psychology. It also contemplates attempting to stimulate research work which will have direct and practical application to economic and industrial affairs, be bringing laboratory workers in closer touch with the actual problems. On the advisory council are listed a number of active psychological investigators and economists, and a number of prominent sales managers, advertising men, and superintendents of training.

A Bureau of Industrial Research, the first such institution on the

Pacific coast, has been established at the University of Seattle, Washington under the direction of Dr. Henry K. Benson, professor of industrial chemistry. One fellowship dealing with a problem of the iron and steel industry and amounting to \$2000 has already been established.

The provincial governments of Manitoba, Saskatchewan, and Alberta have coöperated in establishing a Bureau of Social Research. Its purpose is to make a practical study of community problems. The investigations to be carried on during the first year are: (1) the care of immigrants, with special reference to the Ruthenians who are settled in large numbers in the rural districts of all three provinces; and (2) a preliminary inquiry with regard to the feeble-minded, for whom as yet there is no proper institutional care.

A "Society for the Study of the Social Consequences of the War" (*Selskabet for Social Forsken af Krigens Folger*) has been founded at Copenhagen (Mr. Sv. Trier, secretary, Osterbrogade 56 C., 1). Its objects are the collection of a comprehensive library of the whole war literature appearing in the various European languages, the classification and organization of such materials, and the publication of a bulletin. The first number of the society's publication (*Bulletin of the War Study Society*) appeared under date of March 1, 1916. It contains an elaborate and convenient collection of material relating to the war expenditures of the belligerent countries.

The Mechanics and Metals National Bank of New York has issued *War Loans and War Finance* (pp. 50) containing a record of the cost of the war in Europe, a summary of the permanent loans made, and statistics of the debt, past and present, of the nations at war.

Professor G. G. Huebner has written *Export Shipping*, one of a series on foreign trade prepared under the editorship of E. E. Pratt, chief of the Bureau of Domestic and Foreign Commerce.

Princeton University Press will shortly publish *The Single Tax Movement in the United States*, by Professor Arthur N. Young, of Princeton University.

Henry Holt & Company is to publish *Standards of Health Insurance*, by Dr. I. M. Rubinow.

The Law Publishing Company, 74 Broadway, New York, has begun the publication of *Official Public Service Reports* containing the decisions of state public service, railway, and corporation commissions. These reports are to be published weekly in the form of advance sheets and are annotated with headnotes and indexes. Advance sheets alone

will be furnished for \$25 per annum. The subscription price of the advance sheets including bound volumes of decisions with syllabus-digest for each volume, annual digest, and legislative supplement, is \$4.50 per bound volume.

The United States Bureau of the Census announces the publication of a set of tables, compiled by the Division of Vital Statistics, showing death rates and expectation of life at all ages for the population of New England, New York, New Jersey, Indiana, Michigan, and the District of Columbia, on the basis of population in 1910 and mortality in the years 1909-1911. These are similar to life tables prepared by life insurance companies, but differ from them in that they relate to the entire population of the area covered rather than to selected risks.

Publication of the *Official Index to State Legislation* is being continued by the Joint Committee on National Legislative Information Service of the American Association of Law Libraries and the National Association of State Libraries. The index gives the number, date of introduction, and member introducing, the subject, effect, and position of every bill in every state legislature arranged numerically, and also a classification of all bills by subjects. A corrected and cumulated edition is published weekly to include all changes. Subscription to all the weekly numbers and the annual number together with supplements will be \$100 for 1916 (Mr. F. O. Poole, secretary, 42 West 44th St., New York).

The State Historical Society of Wisconsin in Bulletin of Information No. 77 describes its Collections on Labor and Socialism in the Wisconsin State Historical Library (Madison, 1915, pp. 1314).

The Twenty-Fifth Anniversary Index of *The Annals* of the American Academy of Political Science has appeared as a supplement to the March, 1916, number and includes all publications from July, 1890, through January, 1916.

The following books have been received since the preparation of the lists of new books:

Callaghan and Company: *The Federal Trade Commission*, by J. M. Harlan and L. W. McCandless.

Dent and Sons: *The Economy and Finance of the War*, by A. C. Pigou.

Houghton Mifflin Company: *The Torrens System*, by A. Guyot Cameron.

McGraw-Hill Book Company: *Value for Rate-Making*, by Henry Floy.

John Wilson and Son: *New England and the Western Fur Trade, 1629-1675*, by A. H. Buffinton.

Yale University Press: *The Port of Boston*, by Edwin J. Clapp.

THE GEOGRAPHICAL REVIEW. A matter of more than passing interest to many of the readers of THE AMERICAN ECONOMIC REVIEW is the appearance of a new periodical, *The Geographical Review* (vol. 1, no. 1, Jan., 1916), succeeding the *Bulletin of the American Geographical Society* which has appeared monthly since the founding of the society in 1852. The wide range of interests to which the new review will give expression embraces not only those of the scientific geographers of the United States but also the interests of that large body of men and women whose lives are devoted in whole or part to exploration, travel, commerce, transportation, and human development in general.

In changing the name and form of the organ of the American Geographical Society, it is announced that it is the intention of the society to broaden the range of its articles so as to appeal to a larger body of readers. Two of the four articles in the issue before us should prove of interest to many of the members of The American Economic Association in that they discuss "The geographical factor in agricultural industries" and "The oak tree and man's environment." One of these articles was written by an economist and a member of the American Economic Association. Moreover, in addition to making its notes and reviews of a more critical quality, the review will specialize in publishing accurate maps embracing the very latest data. This policy has been followed out for some months past, notably, however, since the appointment of Dr. Isaiah Bowman as director of the American Geographical Society in 1915. The maps, such as the railroad map of Turkey in the December issue, have appealed to a wide range of readers, and have called forth favorable comment from geologists, historians, economists, anthropologists, and public men in this country and abroad.

One of the new features of *The Geographical Review* gives promise of unusual interest and value. The 600 periodicals, geographical and otherwise, received each month are to be carefully examined by members of the staff and all of the material contained therein which is referable to any field of geography—physical, economic, human, or otherwise—is to be abstracted and published in classified form. THE AMERICAN ECONOMIC REVIEW is one of the periodicals to be so treated. Work of this kind, if properly done, will result in the accumulation of a vast amount of material of value to a wide range of interests but

which hitherto has been lost to many in the great mass of published, though uncatalogued, data.

AVARD L. BISHOP.

The National Tax Association has begun the publication of a valuable journal entitled *The Bulletin of the National Tax Association*, the managing editor of which is Professor Thomas S. Adams (Ithaca, N. Y.). The first number (February, 1916) contains articles on "Saving the tax payers of New Mexico three thousand dollars or ten per cent," by A. E. James; "The new tax legislation in Connecticut," by W. H. Corbin; "Equalization in Colorado," by J. B. Phillips; "The financial amendments to the California constitution defeated October 26, 1915," by C. C. Plehn; and "New ideas in inheritance taxation." The second number (March) contains: "The work of the New York Committee on Taxation," by L. A. Tanzer; "Budget reform," by C. C. Williamson. The April number contains: "New York state income tax," by J. F. Zoller; "Short talks to assessors," by H. V. Cowles; "Valuation of telephone properties," by C. A. Plumley; "Supertax and collection at the source in the English income tax law," by K. K. Kennan; "A county unit in the levy of school taxes," by R. B. Hallock. There are also notes and reviews of reports. The price to non-members is \$2 per annum.

The American Commerce Association has acquired control of the *Railway World* and will combine it with *Traffic Efficiency*, a new periodical (The Rookery, Chicago).

The first number of *The Commonwealth Review* appeared in January, 1916. This is the organ of the University of Oregon's commonwealth service movement and is issued quarterly (University of Oregon, Eugene, Oregon, pp. 135).

The Public Servant, appearing monthly except July and August, has been established by the Society for the Promotion of Training for Public Service. The first number appeared in February, 1916 (Madison, Wis., pp. 16, 25 cents).

The Industrial Economist is a new monthly journal of economic information (Maryland Bldg., Washington, D. C., \$1 per annum). The first number, which appeared in February, contains articles on "Is socialism a menace?" by C. J. Kenyon; "The lesson in the British labor situation," by F. M. Wharton; and "The eight-hour day as an economic problem."

The Philippine Review, the first number of which appeared in Jan-

uary, 1916, is a monthly magazine in English and Spanish devoted to the interests of the Philippine Islands (226 San Marcelino, Manila).

Announcement has been made of the publication of *The Woman Worker*, a paper for women trade unionists. The editors are Miss Mary Macarthur and Miss Susan Lawrence (34 Mecklenburgh Sq., London, W. C.).

Appointments and Resignations

Professor T. S. Adams, formerly tax commissioner of Wisconsin and temporarily serving at Cornell University, has recently been appointed professor of economics at Sheffield Scientific School of Yale University.

Professor William B. Bailey has been elected Gilbert L. Stark professor of practical philanthropy in the School of Religion at Yale University.

Miss Emily G. Balch, of Wellesley College, is to be absent on leave until September, 1917. Miss Balch sailed on April 8 to join the Stockholm Peace Conference.

Professor H. A. E. Chandler has been appointed associate professor of economics in Columbia University.

Mr. C. H. Crennan has been appointed instructor in transportation and commerce at the University of Pennsylvania.

Mr. Dana F. Cole has been appointed instructor in commerce at the University of Nebraska.

Mr. W. W. Cumberland has been appointed instructor in economics at the University of Minnesota.

Professor H. J. Davenport, of the University of Missouri, has been appointed professor of economics at Cornell University.

Dr. Edward T. Devine has been granted leave of absence from Columbia University and from the New York School of Philanthropy for the second semester of the current year in order to go to Russia as special assistant to the American Embassy at Petrograd.

Mrs. Minnie T. England has been promoted to the rank of assistant professor in economics at the University of Nebraska.

Mr. Maxwell Ferguson has been appointed instructor in economics in Vassar College.

Mr. Robert L. Hale has been appointed instructor in economics at Columbia College.

Professor Lewis H. Haney has leave of absence for six months from the University of Texas and is taking charge of the Federal Trade Commission's investigation of the dye industry. He also is preparing a report on the advance in gasoline prices.

Dr. H. G. Hayes, of the University of Minnesota, has been made an assistant professor of economics at Yale University.

Professor A. S. Johnson has been appointed professor of political science at Leland Stanford Junior University.

Mr. F. H. Knight has been appointed instructor in economics at Cornell University.

Dr. Louis Levine has taken charge of Professor Balch's classes in economics at Wellesley College during the spring term of the current year.

Mr. Frederick R. Macaulay, during the past year at the University of Washington, has been appointed instructor in economics at the University of California.

Mr. Roy S. MacElwee has been appointed a lecturer at Columbia College for the ensuing year.

Dr. B. H. Meyer has been appointed chairman of the Interstate Commerce Commission succeeding Charles C. McChord.

Mr. Glenn A. Munn, who is at present teaching economics in Mt. Holyoke College, takes a position as instructor for next year in the University of Missouri, with his work mainly in the field of accounting.

Mr. Claude T. Murchison has been appointed assistant professor in economics at Miami University.

Mr. Frederick W. Read has resigned his position as assistant in the department of agricultural economics at the Massachusetts Agricultural College and become special agent in the Office of Markets and Rural Organization, Washington, D. C.

Dr. H. L. Reed has been appointed assistant professor of economics at Cornell University.

Dr. I. M. Rubinow has resigned his position with the Ocean Accident and Guarantee Corporation, Ltd., to become executive secretary of the newly organized Committee of Social Insurance of the American Medical Association. Dr. Rubinow is also to act as consulting actuary for the Social Insurance Commission of the State of California in the preparation of its report and the drafting of bills.

Professor F. W. Taussig, of Harvard University, is to give a course of lectures on "Problems of labor and social organization" at the summer session of the University of California.

Mr. D. S. Tucker, now lecturer in Columbia University, has been appointed assistant professor of economics at Wellesley College and next year will conduct the classes usually conducted by Miss Balch, who has leave of absence.

Professor J. R. Turner has been appointed professor of economics at New York University.

Dr. T. W. Van Metre, recently at the Wharton School of the University of Pennsylvania, will take charge of the department of transportation in the new School of Business at Columbia University.

Mr. W. E. Warrington has been appointed assistant in the department of transportation and commerce at the University of Pennsylvania.

Mr. Ralph B. Wilson has been appointed head of the department of finance of the Boston University College of Administration with the title of assistant professor.

Dr. H. A. Woodson has been appointed assistant professor of economics at the University of Missouri.

Mr. Harvey A. Wooster, now instructor in political economy at Yale University, has been made assistant professor of political economy at the University of Missouri.

Professor A. A. Young has been elected chairman of the Committee on Academic Freedom and Academic Tenure of the American Association of University Professors.

Miss Emilie Louise Wells died April 13, 1916. She was appointed assistant in economics in Vassar College in 1897 and was promoted successively through the grades of instructor and assistant professor to that of associate professor, the latter having been granted her only a few months ago.